Austria	Sch22	Indonesia	Rp3100	Oman	Or 1
Bahrain	Din0.700	Iran	[illegible]	Philipines	Pesos40
Belgium	BFr60	Israel	[illegible]	Portugal	Esc140
Cyprus	C£0.90	Italy	L1700	Qatar	[illegible]
Denmark	DKr10.00	Jordan	Fils.800	S.Arabia	Rls7.00
Egypt	E£2.25	Kuwait	Fils.600	Singapore	S$4.10
Finland	Fmk7.00	Lebanon	[illegible]	Spain	Pta145
France	FFr7.00	Lux	LFr60	Sweden	SKr16
Germany	DM2.20	Malaysia	Rin4.25	Switz	SFr2.40
Greece	Dr120	Morocco	[illegible]	Thailand	[illegible]
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.800
Iceland	Ikr125	Nigeria	[illegible]	Turkey	[illegible]
India	Rup15	Norway	Nkr10.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

BOLIVIA
Electorate grasps austerity nettle
Page 16

No.30,846 | Thursday May 18 1989 | D 8523A

World News

Mengistu returns as rebel troops take Asmara

President Mengistu Haile Mariam of Ethiopia cut short a visit to East Germany as heavy fighting broke out in Addis Ababa following a coup attempt on Tuesday. Rebellious Ethiopian troops appeared in control of Asmara, capital of Eritrea province, where the loyalty of 150,000 troops may prove critical to the survival of the president. Page 16

Korea protests grow
Thousands of angry citizens besieged the provincial government building in Kwangju, South Korea, calling for an investigation into the death of a student leader and demanding the execution of President Roh Tae-woo.

Bonn offers N-deal
Gerhard Stoltenberg, West German Defence Minister, flew to Washington armed with a possible compromise on the reduction of short-range nuclear missiles based in Europe. Page 16

FSX gets go-ahead
The controversial FSX joint fighter aircraft project between the US and Japan has cleared the last main political hurdle after a narrow vote in favour by the US Senate. Page 3

Cyprus retreat
Greek and Turkish Cypriot troops have pulled back from sensitive positions along the ceasefire line in the heart of divided Nicosia, the UN said.

Recruit net widens
Two senior Japanese politicians involved in the Recruit affair have surrendered for questioning to the public prosecutor's office. Page 4

Shamir under fire
Yitzhak Shamir, Israeli Prime Minister, rebuffed sharp criticism of his peace plan for the West Bank and Gaza Strip, saying he would never allow a Palestinian state in the occupied territories. Page 4

Court frees Havel
Vaclav Havel, prominent Czechoslovak playwright and human rights activist, was released from prison after serving half of an eight-month jail sentence for anti-government protests. Page 2

Party leader named
Milan Pancevski, a politician who supported a crackdown on recent ethnic Albanian unrest, was named leader of Yugoslavia's ruling Communist Party. Page 2

Polish Church law
Poland's Parliament overwhelmingly passed a law giving the Roman Catholic Church legal status for the first time since the Communist takeover in 1944.

Alitalia strike called
Alitalia airline pilots announced six days of strikes starting on Friday which are expected to result in the cancellation of dozens of international flights.

Mafia crackdown
Italian bankers announced stringent measures aimed at stopping the Mafia laundering money through the country's financial institutions.

Drug crackdown
Turkey and Greece have signed an agreement to crack down on drug smuggling.

Business Summary

Gold Fields, Minorco run up £50m bill in bid battle

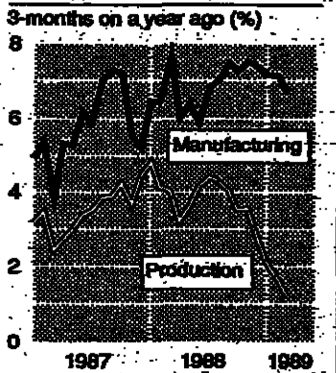
CONSOLIDATED Gold Fields and Minorco revealed that the costs of the long-running takeover battle cost about £50m ($80.5m) between them. The share prices of both companies reacted sharply to the news late on Tuesday that Minorco had admitted defeat and would allow its £3.5bn bid or Gold Fields to lapse. Page 17; Editorial comment, Page 14; The bid for Gold Fields, Page 24

BANQUE Bruxelles Lambert, one of Belgium's leading commercial banking groups, announced plans for a BFr6bn ($150m) rights issue at one-for-seven and a 12.3 per cent increase in first half profits. Page 17

INDIA has closed the door to foreign companies seeking a further share of its multi-billion dollar market for switching equipment for telephone exchanges. Page 16

UK MANUFACTURING output growth showed signs of slowing down following the exceptionally vigorous rates of last year, according to Central Statistical Office figures. Page 8

UK industrial output
3-months on a year ago (%)



MEXICO: Commercial banks responded to Mexico's request for significant relief on its foreign debts with proposals likely to [illegible] ernment [illegible] less, made [illegible] broad princi[illegible] by its nego[illegible] Page 18

MAXWELL [illegible] McGraw-Hill, US publishers, plan to pool their educational publishing businesses in a joint venture partnership. The Macmillan/McGraw-Hill School Publishing Company would have had sales of $440m last year. Page 17

MONOPOLIES and Mergers Commission ruled that a controversial share incentive scheme introduced by Uni-Chem, UK pharmaceutical wholesaler, is anti-competitive and against the public interest. Page 10

POLIGRAFICI Editoriale, Italian newspaper group, is negotiating for a stake of up to 10 per cent in Springer Verlag, one of the world's top 10 publishing concerns. Page 18

INTERNATIONAL Monetary Fund has approved a highly concessional Enhanced Structural Adjustment Facility for Kenya worth SDR 241.4m ($302m). Page 4

LEGO, manufacturers of toy construction kits, doubled pre-tax profits from DKr200m to DKr405m ($53.6m) in 1988 on net sales up from DKr2.37bn to DKr3.24bn. Page 18

TELEFONICA, Spanish telecoms monopoly, reports an 8 per cent increase in net profit for the first quarter of 1989, to Pta14.3bn ($119.2m), and a 12.4 per cent increase in sales, which reached Pta161.4bn. Page 18

HENKEL, West German chemicals group, announced a one-for-11 rights issue at DM445 a share to raise DM57.5m ($29.6m). It is also selling its 50 per cent share in a US joint venture with Hercules, US chemicals group. Page 18

Peking in turmoil as 1m protesters confront leadership

By Peter Ellingsen in Peking

MORE than 1m demonstrators challenging the Chinese Government and demanding reforms plunged Peking into chaos yesterday after striking students were joined by hundreds of thousands of industrial and office workers. Big demonstrations were also reported from several cities across the country.

In an attempt to defuse the situation, Zhao Ziyang, China's Communist Party leader, undertook to begin a serious reappraisal of policy with a view to pushing political reform, but student strikers rejected the offer and demanded an open dialogue with top leaders.

The Government appeared to have lost control of the streets in the capital, where traffic was paralysed by marching demonstrators. Soviet President Mikhail Gorbachev, on the third day of his official visit, had to abandon a trip to the Forbidden City. He was forced belatedly to reschedule his farewell press conference when the great Hall of the People was surrounded by banner-waving protestors.

The Peking leadership appeared to be in a severe crisis, with much of the population of the capital demonstrating in sympathy with students who also want press freedom, an end to official corruption and political liberalisation.

The demonstrations spread yesterday to Shanghai, where tens of thousand of students and workers took to the streets and 20 of China's 27 provincial and regional capitals.

Even by the extraordinary standards of this month's campus campaign, yesterday represented a powerful vote of no confidence in the Government, which has suffered an acute loss of face and and appears to be faced with the need to take drastic action to prevent the country sliding into further disorder.

Peking became a city of benevolent anarchy as waves of people took to the streets bearing makeshift pro-democracy placards.

In an ominous sign for the Government, banners in Tiananmen Square called on Prime Minister Li Peng to step down, and attacked Deng Xiaoping, the paramount leader, under the slogan, "Xiaoping, go back to Sichuan" (Mr Deng's home province.)

Deriding the leadership's claim to collective rule and responsibility slogans reading: "Collective responsibility, Collective resignation," appeared throughout the capital.

In front of the Great Hall of the People, China's parliament, where Mr Gorbachev yesterday met Deng, workers from the Peking watch factory, Peking number one, two and three electronics factories, and even the central Party school, paraded with placards endorsing student rebellion and calling for a political change.

Workers from the capital's steel mill also marched and indicated that they would strike if any of the 2,000 students on a hunger strike died. By yesterday 1,000 of the hunger-striking students had been treated in hospital.

Outside the Chinese academy of Social Sciences, a flag
Continued on Page 16

Gorbachev proposes troop cuts in Asia and Pacific

By Quentin Peel in Peking

MR Mikhail Gorbachev, the Soviet leader, has offered the prospect of complete demilitarisation of the Sino-Soviet border, as well as economic, political and diplomatic co-operation, in a package of proposals designed to underpin the normalisation of relations between the two Communist neighbours.

In the face of the current rash of street disturbances across China, Mr Gorbachev gave his strong personal endorsement to his Chinese counterpart, Zhao Ziyang, the Communist Party leader, and sought to reinforce the standing of the embattled Chinese Government. But he refused to offer policy advice for dealing with the spreading unrest.

The Soviet President went out of his way to avoid any hint of paternalism in the major speech of his visit, delivered in the Great Hall of the People as huge crowds outside demanded political reform.

However, while denying that any one model of socialism could be universally applied, Mr Gorbachev spelt out his own conviction that economic reform in the Soviet Union at least would be impossible without political reforms, democratisation, and an increasingly outspoken press – all basic demands of the Chinese students' movement.

Mr Gorbachev's most popular proposal in Peking seems likely to be the plan for the eventual demilitisation of the border, although that remains a distant target. For the time being the two sides have agreed to set up a joint military commission to discuss further troop cuts and redeployment.

He gave details for the first time of where the military axe will fall in unilateral Soviet cuts totalling 200,000 men in the eastern part of the country. He said 120,000 would be withdrawn from the Far East region alone, including 12 divisions of ground troops, 11 air force regiments, and 16 battleships from the Pacific fleet.

"We are prepared to work for the withdrawal, on terms to be agreed with China, of military units and armaments from the border areas, leaving only the personnel required for performing routine border guard duties," he said.
Continued on Page 16

US talks on missiles
West German Defence Minister Gerhard Stoltenberg flew to Washington for talks concerning Bonn's dispute with the US and UK on possible missile reductions in Europe. Page 16

Brussels proposes EC-wide charter for workers rights

By David Buchan in Brussels and Philip Stephens in London

A "SOCIAL CHARTER" designed to guarantee basic rights for workers in the European Community was approved in outline yesterday by the European Commission, launching itself more deeply than ever into the controversial social policy field.

EC government heads will be asked, at their Paris summit at the end of this year, to approve as "a solemn declaration" the charter listing workers' rights to free movement around the EC, healthy and safe work conditions, minimum pay, social security, vocational training, union membership, collective bargaining, consultation and participation in their companies' management.

Ms Vasso Papandreou, the Social Affairs Commissioner, said yesterday that the declaration would have no legal force but it would contain a specific mandate for the Commission to produce an action programme on detailed proposals on workers' rights by mid-1990.

The programme immediately drew a frosty response from Britain where the Prime Minister's office indicated that it would be prepared to veto any measure it disliked.

Officials pointed out that changes affecting the rights and interests of employed persons were specifically exempted from the provisions for majority voting in the Single European Act. They insisted that Mrs Margaret Thatcher would not accept a return via the European Community to the "corporatist," "bureaucratic" and "interventionist" stance which had been adopted by British governments in the 1960s and 1970s.

Mrs Thatcher is said to remain determined to maintain a firm line between the Commission's responsibilities and those of "soveriegn nation states."

The Commission, however, clearly hopes that the programme will do for workers and the Community labour market what its 1985 internal market White Paper has done for industry and business. Ms Papandreou linked the two by saying "social rights go hand in hand with economic progress" and claiming EC action was needed to assuage trade union fears that business would override worker interests in the coming single market.

The draft has been stripped of earlier provisions going beyond areas of immediate concern to workers, such as in education and Ms Papandreou said the UK could always challenge anything in the proposed programme in the European Court.

Ms Papandreou, a former minister in the Pasok socialist government in Greece, said she planned to present the draft to EC employment ministers on June 12, and to consult employers and unions before putting the final version forward to EC government heads.

The European Trade Union Confederation (Etuc) has welcomed the charter, although it would like it to have direct legal effect.

Compromise may break EC deadlock on Vat, Page 2

US deficit cut prompts sharp rise in dollar

By Simon Holberton in London and Janet Bush in New York

THE DOLLAR rose sharply yesterday, with no attempts by central banks to hold it back with intervention, after the US Commerce Department reported a smaller-than-expected merchandise trade deficit for March.

The US trade deficit narrowed to $8.86bn in March compared with $9.8bn in February. The market had expected a deficit of $10.2bn. Export growth was robust while import growth moderated.

The figures bolstered positive sentiment towards the dollar which, in hectic trading, was pushed to its highest level against the D-Mark since December 1986 and against the yen since October 1987.

The pound was pushed down to its lowest level against the dollar since August 1987.

The dollar firmed by almost three pfennigs against the D-Mark and closed in London at DM1.9730 compared with DM1.9435 on Tuesday.

It rose almost Y2 to close at Y139.25. In late New York trading it was quoted little changed from the London close at DM1.9715 and Y139.20.

There was a mixed reaction in US securities markets as the positive effect of a strong dollar was partly offset by fear that evidence of robust growth contained in the trade figures could delay any fall in US interest rates.

The Dow Jones Industrial Average closed just below a post-crash high, 8.98 points higher at 2,462.43. Short dated bonds ended weaker, but the benchmark long bond closed ¼ point higher, yielding 8.79 per cent.

Sterling closed in London 2½ cents lower at $1.6130, against $1.6395 on Tuesday, and was 0.4 lower on its trade-weighted index at 94.3. Share prices in London ended at their highest level since the October stock market crash, with the FT-SE 100 Share Index closing 19.1 higher at 2,155.8.

The strength of the US currency is posing a serious problem for policy-makers within the Group of Seven leading industrial countries. Central bankers said that to prevent the dollar from rising further, they would have to intervene in currency markets on a huge scale or to adjust official interest rates substantially. It was not clear whether economic conditions in the G7 would justify such a move, they said.

On Friday, when the major industrialised countries last intervened en masse, central banks sold considerably more than $1bn to push the US currency lower, but to no avail.

Speculation was rife in the currency markets that the West German Bundesbank would raise discount and Lombard rates – now 4.5 and 6.5 per cent respectively – after its policy making council meeting today but there appears to be little support for another rise in German interest rates.

Officials attribute the dollar's strength to large scale capital flows into the US which would be unlikely to be re-diverted to D-Mark assets in response to a half-point rise in official interest rates.

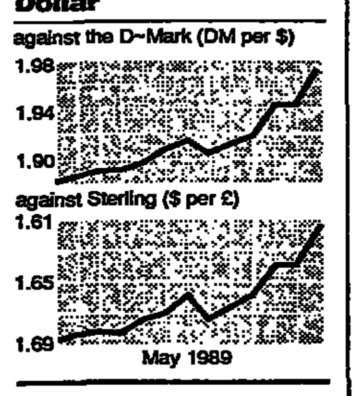
Mr Wilhelm Nölling, president of the state central bank of Hamburg, told a West German newspaper yesterday that he hoped the central bank would not raise interest rates today. However, pressure for higher German interest rates was evident on the German domestic money market yesterday when banks bid up call money to 6.5 per cent from 6.2 per cent on Tuesday, in the wake of Bundesbank open market operations.

Foreign exchange dealers in New York are increasingly talking about capital flows into US securities markets being behind the dollar's strength. They say overseas investors have become more confident that the US economy is heading for a soft landing with continued, but slower, growth and controlled inflation.

US stock and bond markets were tugged in opposite directions by yesterday's trade news, but the dollar's strength gave both markets a positive underlying tone.

Details, Page 3; Currencies, Page 36; Wall Street, Page 40

Dollar



A tough, private word in Gdansk

By John Lloyd in London

LENIN SHIPYARDS in Gdansk, the birthplace of Solidarity and until recently the workplace of the Polish union's leader, Lech Walesa, is to be part-leased to a private businessman who has said he will fire any worker who joins a union.

Mr Jerzy Piskorz-Nalecki, formerly chief designer for the Warski shipyard in Szczecin and for the past seven years managing director of Marine Consultants, a successful ship design and consultancy business, has teamed up with an Anglo-Polish company named Durainsul to lease a section of the Lenin yard known as K2 for the next five years.

The yard was slated for closure last year by Mr Mieczyslaw Wilcek, the Polish Industry Minister, but the death sentence has been commuted to privatisation.

In an interview with the Financial Times in Szczecin last week, Mr Piskorz-Nalecki said that he would employ some 1,000 workers, about 10 per cent of the present workforce, in the K2 yard, which has two slipways and three large workshops which he describes as well-equipped.

He said: "There will be no strike trouble in private yards. We will get the unions out of the yards. The workers may join them but we may also choose other workers."

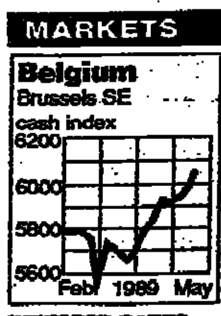
He criticised the Polish government's legalisation last month of Solidarity, which will now compete for members with the official union confederation, OPZZ, as well as with the still illegal breakaway group, Fighting Solidarity. "One union is already too much," he said.

When the closure decision was announced last October, Mr Walesa, the Solidarity leader, made common cause with the yard management to oppose it. However, the issue was submerged in the Round Table talks between Solidarity and the Government earlier this year and it remains to be seen if Solidarity – now fighting for seats in the new-style parliament – will give priority to the issue after the elections on June 4 and June 18.

Durainsul was registered in London last year, with a nominal capital of £1,000 ($1,610), but with no apparent activities in the UK. However, it is well established in Poland, working on contract to shipyards as outfitters and cleaners and
Continued on Page 16

MARKETS

Belgium
Brussels SE
cash index



INTEREST RATES
US lunchtime
Federal Funds 9$\frac{11}{16}$% (9$\frac{11}{16}$)
3-mth Treasury Bills: yield: 8.60% (8.5)
Long Bond: 100$\frac{11}{32}$ (100$\frac{17}{32}$)
yield: 8.80% (8.81)
London
3-month Interbank: close 12$\frac{13}{16}$% (12$\frac{27}{32}$)

STERLING
New York close
$1.6122 (1.64325)
London:
$1.6130 (1.6395)
DM3.1825 (3.1850)
FFr10.7800 (same)
SFr2.8450 (same)
Y224.50 (225.0)

DOLLAR
New York close
DM1.97165 (1.93875)
FFr6.6780 (6.5585)
SFr1.7625 (1.7305)
Y139.275 (136.775)
London:
DM1.9730 (1.9435)
FFr6.6825 (6.5750)
SFr1.7640 (1.7360)
Y139.25 (137.30)

GOLD
New York latest
Comex June
$373.90 (-2.30)

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,462.43 (+8.98)
S&P Comp
317.28 (+2.0)
London:
FT-SE 100
2,155.8 (+19.1)
World:
124.72 (Tues)
Tokyo
Nikkei Ave
33,992.45 (+66.0)
Frankfurt
Commerzbank
1,871.2 (-1.3)

OIL
Brent 15-day (Argus)
$18.05 (-0.85) (June)
West Tex Crude
$19.975 (-1.17) (June)

CONTENTS

Tigray could be just one turning point for President Mengistu

For President Mengistu Haile Mariam of Ethiopia, the recent abandonment of Makele, the Provincial capital of Tigray, to the rebels may mark one of many significant turning points in the life of the present government
Page 4

Compromise may break EC deadlock on VAT

By David Buchan in Brussels

THE prospect of a break in the EC's long deadlock on indirect tax harmonisation moved nearer yesterday with revised Commission proposals that would allow countries like the UK to maintain zero rating of value added tax (VAT) on a reduced number of basic items.

EC finance ministers will give their first collective reaction at a meeting this weekend in Spain to the Commission's radical revisions, which include greater flexibility on VAT and excise rates, progressive encouragement of cross-border shopping over the next three years, and simplified re-allocation of tax receipts among member states after January 1 1993, when fiscal border checks are to end.

But the initial responses of diplomats here were generally favourable to what Mrs Christiane Scrivener, the EC tax commissioner, called a "pragmatic" approach.

"As part of a final compromise, some zero rates of VAT could be maintained on a very limited number of goods," Mrs Scrivener said. The Commission had previously suggested only temporary legal derogations from fixed EC-wide bands of VAT rates for countries such as the UK, Ireland and Portugal which now levy no VAT on certain basic items.

As an alternative to Commission plans to bring VAT rates of the Twelve within fixed bands, the UK has also argued that market forces, in the shape of increased cross-border shopping, should be allowed to bring the Community's widely differing VAT rates closer together. Mrs Scrivener said her new approach incorporated part of the UK's "market force" argument.

Her new proposals call for:

● A transition phase to the end of 1992, during which member states would be called on to take national action to bring their VAT rates nearer to each other's, and to simplify fiscal frontier checks.

● The 4-9 per cent VAT rate band would be kept for certain necessities, though with the limited option of some zero-rates. But the plan for a 14-20 per cent so-called standard VAT rate band would be replaced by a simple minimum rate (perhaps of 15 per cent) and no maximum.

● The proposed clearing house system – designed to make sure VAT payments still ended up in the coffers of the country where goods are consumed or imported, rather than produced and exported – would be simplified.

● The plan for a single rate of EC excise duty for tobacco, alcohol and petrol is abandoned, and the Commission will propose bands or simply minimum rates of excise product by product.

Polish leader Gen Wojciech Jaruzelski votes in Parliament in favour of granting the Roman Catholic Church legal status for the first time since 1944.

West fails to meet Gorbachev challenge

IAN DAVIDSON ON EUROPE

BY now, no-one disputes the fact that Mikhail Gorbachev is a force of revolutionary change in the world.

Just what the changes amount to, how far they will eventually lead, whether they will be as far-reaching in domestic as in foreign policy – these are still unanswered questions. But at least no-one now pretends that we are merely witnessing a cosmetic revolution, in which Mr Gorbachev is pursuing the old objectives of Soviet expansionism under a cloak of telegenic charm; no-one any longer wastes time by asking whether he is "sincere".

The only really alarming aspect of the Gorbachev revolution so far is the abysmal poverty of the western response. An apparently unending succession of arms control initiatives pours out from Moscow; yet time after time the west is caught on the wrong foot, unable to respond in kind and unable to seize the political initiative. All too often we hear lame protests that Mr Gorbachev is only proposing to do what the West did years ago; as if that kind of playground complaint were likely to do any good.

George Bush, determined to show that he was not going to play follow-my-leader after eight years of President Reagan, launched his presidency with a deep review of foreign policy, especially policy towards the Soviet Union. After an exercise which lasted three months, you might think we would get something pretty interesting.

But no: his speech last Friday in Texas demonstrated that the review had largely been a waste of time. Apart from some moralistic homilies, Mr Bush does not have a policy on the Gorbachev revolution which amounts to anything. It is hard to dissent from Pravda's judgment that the speech was a disappointment, a collection of old clichés which displayed a poverty of ideas.

But if we in the West were disappointed, we should have known better. We had got used to the perversely comfortable idea that the East-West conflict was an immutable fact of life. It did not occur to us that the Soviet empire would so soon admit its own crisis of legitimacy, and in effect challenge the West to improvise a new political strategy.

That is the strategy which we do not have; for it is a strategy which must reconcile a host of objectives which are hard to reconcile. It must keep the Western Alliance together, both against the danger of war and in the hope of peace; amid unprecedented hope of nuclear disarmament, it must satisfy the objectives of the nuclear and the non-nuclear powers; above all, it must find some new, creative common ground between the US and the European members of the Alliance.

Moreover, we were making a mistake if we imagined that Mr Bush's strategic advisers were going to come up with a useful new western policy towards the East; not because of any fault in the president or any shortcoming in the advisers, but because the US is the wrong country, in the wrong place to offer such a policy.

The challenges we are facing are framed primarily in European terms: the future of Poland and Estonia and Hungary, the possibility that the political systems in Europe will become increasingly diverse, in short the political relationships in Europe between East and West.

So long as the East-West relationship was defined primarily in terms of military threat, it was both natural and essential that the West's defensive response should be drafted under American leadership. But if the military threat appears to recede, and the axis of the East-West relationship starts to be defined in largely political terms, then the inevitability of American leadership on the Western side becomes much more questionable.

A coherent policy towards the East requires a united posture in the West.

Indeed, since the questions posed are essentially European questions, one might think that the US was in some degree handicapped in playing a leading role in response. The countries of Western Europe are not required to subscribe to Mr Gorbachev's objective of a "common European home" – far from it – but the United States is not really qualified to have a view.

So far, however, the governments of Western Europe have fought shy of any coherent political response to the Gorbachev revolution, because a coherent policy towards the East requires a united posture in the West. And so long as the governments of Western Europe set more store by their national fetishes than by the claims of a common policy, Mikhail Gorbachev can continue to count on disarray in the West.

West Germany is the object of anxious concern among western hawks, who criticise the Germans for being subverted by Mr Gorbachev's charms and for sliding helplessly towards de-nuclearisation or even neutrality. Yet it might be more sensible to recognise that, in the absence of any coherent European policy, the Germans are in fact responding rather understandably to domestic and foreign pressures; if criticism is appropriate, it should rather be directed at Europe's two leading sovereign powers, Britain and France.

By now, however, it is becoming painfully clear that no sensible European leadership role can be expected from the present British Government, which seems determined to carve out for itself a position of isolation both in Nato and in the European Community. Mrs Thatcher cannot ensure that Germany will take a new short-range missile as a replacement for the Lance, and she cannot impose her minimalist views on the future of the EC on the other member states; but she can ensure that the issues generate the maximum of political ill-will among Britain's European partners.

France's handicaps as a mobiliser of European foreign policy are different. In the EC context, the objective of closer economic and political integration is now shared right across the mainstream French political spectrum, if one excludes the Communists and the National Front. But France's absence from the military structures of Nato – the other half of the Gaullist heritage – is a significant disqualification in the debate over the Gorbachev revolution.

Over the years, President François Mitterrand has steadily adjusted French rhetoric to emphasise France's loyalty to its allies, its commitment to the defence of Europe. Yet the national defence consensus still prevents, apparently, that extra step towards a more integrated European defence which would convert that commitment into practical reality. By now, of course, no-one expects France to rejoin the integrated Nato structures; only Mrs Thatcher continues to harp on the idea. But one of the consequences of France's idiosyncratic defence posture is that the government is hamstrung in the swelling debate over nuclear arms control.

Today, Mr Mitterrand is giving a full-dress press conference on defence and foreign policy. No doubt he will use the occasion to settle the broad principles of the current French defence review, which is likely to require cuts in big weapons programmes. But what Europe will really be waiting for is some indication that France is capable of offering a vision and a political strategy to respond to the Gorbachev revolution.

Robert Taylor in Stockholm discusses the annual Sipri report on arms control around the world

Hopes for peace 'highest since 1945'

"HOPE for peaceful conflict resolution is better founded than in any other year since the end of World War II," asserts the director of the Stockholm International Peace Institute (Sipri), in its authoritative year book, published yesterday.

In his introduction, Dr Walter Stützle writes: "History presents the United States and the Soviet Union with a unique opportunity to turn trends into events – which is no small progress, given the tremendous amount of destructive potential available to mankind."

The Sipri year book contains some hopeful developments. It estimates that there were 28 armed conflicts going on in the world at the end of last year, five fewer than at the end of 1987.

It calculates that world military expenditure is on the decline, suggesting that we "may be witnessing the first phase of what could be called technological and economic structural disarmament".

There has also been a stabilisation in the level of the international arms trade in conventional weapons, according to Sipri.

In 1988 the developing countries imported an estimated $20.87bn of arms, compared with a figure of $27.63bn the year before. Six countries – Egypt, India, Iraq, Israel, Saudi Arabia and Syria – were responsible for over 65 per cent of all arms imports in the Third World.

The total global figure for the arms trade fell from $39.52bn in 1987 to $33.97bn last year.

Sipri says: "The USSR and USA continue to dominate the trade in major conventional weapons. In the five-year period 1984-88, for example, the USSR accounted for 36 per cent and the USA for 29 per cent of the global arms trade."

Six countries - Angola, Cuba, India, Iraq, Libya and Syria - account for 75 per cent of the Soviet arms exports, while 65 per cent of US arms exports went to Egypt, Israel, Pakistan, Saudi Arabia and South Korea.

The report also provides some disturbing evidence that the trends are not all in an optimistic direction. It points out that there were 40 nuclear explosions last year, 14 carried out by the US and 17 by the Soviet Union. France was responsible for eight and China one.

The use of chemical weapons by Iraq against both Iran and the Kurds is described as "a new and ominous development" and disappointment is expressed at the "inadequate" international condemnation of the Iraqi behaviour.

Proliferation of ballistic missiles worries Sipri

AS MANY as 22 countries in the Third World either possess ballistic missiles or are developing long-range rockets which can be used as ballistic missiles with chemical or nuclear warheads, according to Sipri, which views this as an alarming development.

It suggests that 17 of those countries have deployed ballistic missiles and all but four – Iran, Israel, South Korea and Taiwan – have imported them.

The other countries said by Sipri to possess such missiles are: Afghanistan, Algeria, Argentina, Brazil, Cuba, Egypt, India, Indonesia, Iraq, North Korea, Kuwait, Libya, Pakistan, Saudi Arabia, Syria, Turkey and both North and South Yemen.

'European spending outstrips US'

THE European members of Nato spend a higher share of their gross domestic product on their own defence than the US does, according to Sipri. This surprising conclusion contradicts the widely held view across the Atlantic that the Americans have to shoulder an unfairly large burden of the costs of western European defence.

Sipri calculates that the US spends from 0.9 per cent to 3.6 per cent of its gross domestic product on Nato military expenditure. These two figures are estimates from American sources.

One calculation claims that 60 per cent of all American defence spending is for Nato's benefit, though this includes substantial sums that are also for purely national defence across the Atlantic, while the other estimates that the direct cost of having US forces and equipment in Nato countries is only 15 per cent of total US military spending.

According to Sipri, Britain devotes much more of its GDP to military expenditure (4.5 per cent); so does West Germany, with 3.4 per cent.

The year book concludes: "In terms of security, manpower and a predominant role in international relations, the US contribution to the Alliance cost is not excessive."

Even from a economic cost-benefit perspective, US gains are substantial in terms of both defence industrial output and trade and employment generation, argues Sipri.

Spain awaits unrest from right and left before Europe poll

By Peter Bruce in Madrid

SPAIN'S Socialist Government is bracing itself for a political onslaught from both left- and right-wing critics ahead of next month's European Parliament elections.

Unions are threatening a wave of public sector strikes just before the poll and Spain's two main conservative parties have joined forces to topple socialist administrations in some big cities.

Leaders of the socialist Union General de Trabajadores and the Communist Comisiones Obreras are to meet in Madrid tomorrow to co-ordinate a series of stoppages in public sector companies that have still not reached 1989 wage agreements.

These include the national railway (Renfe), Telefonica, the telephone company, numerous local public transport units, national television and the Balearic ferry operations.

National stoppages seem likely in the first two weeks of June, and could sour the mood of the country by polling day, June 15.

In the past few days, Barcelona has been severely crippled by transport strikes.

Meanwhile, the country's two main conservative groups, the Partido Popular (PP), led by Mr Manuel Fraga, and Mr Adolfo Suarez's Centro Democratico y Social (CDS), have buried a decade of animosity and joined forces to try to remove Socialist mayors from Madrid, Ibiza, Oviedo, Orense, Zaragoza, Valencia and Valladolid. The two parties have also formed a coalition government in Castilla y Leon province.

A motion of censure, which will probably succeed, was presented in Madrid yesterday, though it and any other motions are not likely to be debated until July. Personal rivalries have kept Mr Fraga and Mr Suarez apart since soon after General Franco died in 1975, and for the past two years Mr Suarez, a former Prime Minister, has been trying to move his party to the left of the governing Socialists.

The pacts with the PP will probably bring this effort to an end and may, ultimately, benefit the government if the CDS loses its identity. Conscious of the danger, Mr Suarez is still refusing to be photographed with Mr Fraga.

The effect of both the strikes and the censure motions may be to weaken the Socialist image in the run-up to the European elections, but following serious union unrest at the end of last year, government ministers had anyway been predicting a poor showing for the party. The government won 44.3 per cent of the vote in national elections two years ago but earlier this year some ministers were predicting a 35 per cent vote for next month.

Czechs free Havel after protests

By Leslie Colitt

MR Vaclav Havel, the prominent Czechoslovak playwright and human rights activist, was yesterday released from prison after serving half of an eight-month jail sentence for anti-government protests.

Mr Havel's release had been demanded by more than 3,000 Czechoslovak intellectuals and by Western governments as well as many East European sympathisers.

The 52-year-old writer was ordered to be released by a district court in Prague acting on the basis of a petition. The judge, Ms Eva Kvetenska, ordered him to be put on two years' probation, noting that this would be long enough to guarantee his "re-education". She also read a report of the prison authorities which said Mr Havel had shown "disciplined conduct".

Mr Havel was taken into custody on January 16 with seven other civil rights campaigners. They attempted to place flowers at the statue on Wenceslas Square to mark the 20th anniversary of the suicide of Jan Palach in protest at the Soviet-led occupation of Czechoslovakia the previous year.

Mr Havel's brother, Ivan, said the petition by Czechoslovak intellectuals was a key factor in gaining his premature release. The authorities, he said, "greatly feared" such actions. Western diplomats said the Prague government also wanted to avert further criticism at the forthcoming international human rights conference in Paris.

The playwright previously served more than three years in prison in the early 1980s for alleged "subversion." He was released then following a serious illness and operation. Mr Mieczyslaw Rakowski, Poland's Prime Minister, took the unusual step of attending a play by Mr Havel in Warsaw to demonstrate his disapproval of the sentencing in Prague.

The Polish, Hungarian and East German writer's unions called for his release along with intellectuals and civil rights supporters throughout Eastern Europe and the Soviet Union in an extraordinary display of solidarity.

Lebanese jailed for life in Frankfurt over hijacking

By Haig Simonian in Frankfurt

MR Mohamed Ali Hammadi, the Lebanese citizen accused of hijacking a Trans World Airlines jet airliner in June 1985 and murdering a passenger, was sentenced to life imprisonment by a Frankfurt court yesterday.

The sentence, announced by judge Mr Heiner Mückenberger, immediately raised doubts about the safety of West German and other European hostages in Beirut. Reports on Tuesday said three German relief workers had been kidnapped, in an obvious attempt to influence the judgment, although one was later said to have been released.

The court, which has been sitting since early July last year, said there was no doubt of Mr Hammadi's involvement in the TWA hijacking, a fact he himself admitted in early August after weeks of silence.

However, the judge also said that Mr Hammadi had clearly played a role in the murder of Mr Robert Stethem, the US navy diver whose body was tossed from the aircraft at Beirut airport.

Mr Hammadi's role in the murder, which he has consistently denied, has been one of the main arguing points in the latter part of the trial.

The court appears to have sentenced him only for being an accomplice to the murder, rather than specifically identifying him as the murderer.

Ryan told to quit politics

By Kieran Cooke in Dublin

MR Patrick Ryan, the former Roman Catholic Irish priest who was at the centre of an extradition row involving Britain, Belgium and Ireland late last year, has been told by his religious superiors to cease all activity associated with next month's European elections.

Mr Ryan is standing as an Independent Euro candidate in the Munster constituency in the June 15 election. In his campaign he has attacked what he has called "Britain's evil empire" in Northern Ireland and has called for an end to the extradition of suspects from Ireland to Britain.

Mr Ryan's order, the Pallotine Fathers, has issued a statement saying that Mr Ryan's participation in the elections is contrary to church law. They say Mr Ryan has failed to explain his activities and whereabouts for 14 years.

Walesa warning on reforms

SOLIDARITY leader Mr Lech Walesa warned the West yesterday that reforms throughout the East bloc could crumble unless Poland received support to rebuild its economy.

Mr Walesa, whose Solidarity free trade union has been legalised in a pact with the communist government, told reporters he would ask Mr Jacques Delors, the president of the EC executive commission, to help ensure Poland got the right practical help.

"If our reforms don't work out, neither will those of others," he said before leaving for his meeting with Mr Delors.

Voters ponder fate of prosecutors

Bruce Clark looks at the issues in a Moscow suburb's runoff poll

THE Colonel doesn't really support Gdlyan, although he might say so. And what's more, Gdlyan himself, and Ivanov and all the other progressive personalities have given their support to our man."

It is a glorious afternoon in the sprawling, leafy Moscow suburb of Kuntsevo; the cracked pavements and the stark, decaying concrete buildings are mercifully bathed in sunshine.

The speaker is the urbane, affable manager of a local cultural centre, encountered by chance in his office during a vain search for an eve-of-poll election meeting.

You would have to look very carefully through Moscow's official press, filled yesterday with stilted reports of President Mikhail Gorbachev's progress in China, to find even a hint of what he is talking about.

But the overwhelming moral issue on his mind, and on the minds of many of the voters of Kuntsevo as they go to the polls today for the third time in as many months, is the fate of two beleaguered public prosecutors, Mr Telman Gdlyan and Mr Nikolai Ivanov.

Both men became public heroes as a result of their work in uncovering a massive corruption scandal in Uzbekistan, in which Mr Yuri Churbanov, the son-in-law of Leonid Brezhnev, was convicted.

But both have apparently flown too near the sun. Conservatives in the Soviet establishment, fearful – liberals say – of more top-level corruption being unmasked, have set up a state commission to investigate alleged malpractices by the two men. It seems doubtful whether they will be allowed to work as prosecutors again.

Mr Ivanov has incurred the wrath of Mr Yegor Ligachev, the Kremlin's leading conservative, by saying that the Politburo member's name had cropped up in a corruption inquiry.

He was rewarded by a overwhelming victory in a runoff city-wide poll in Leningrad last weekend, and by a fresh rebuke from an apoplectic Mr Ligachev.

In Kuntsevo, electoral excitement has been slow to mount. At the historic nationwide parliamentary elections on March 26, neither of the old-guard party candidates achieved the necessary 50 per cent of the vote.

In a first runoff last Sunday, voters faced a confusing choice of seven candidates, ranging from a factory director and a worker, both backed by the party apparatus, to the controversial anti-Stalinist playwright Mr Mikhail Shatrov.

NOW the race has been narrowed down to two contenders: an Afghan war hero, Col Alexander Rutskoy, and Mr Vladimir Logunov, deputy editor of the Moscow party newspaper.

And at a Kuntsevo metro station last night, where both men were to hold final rallies, passion was seething among the working-class crowd, as supporters of each man delivered impromptu diatribes to anyone who would listen.

In one corner, people were queuing to sign their names and telephone numbers on a petition of support for Mr Gdlyan and Mr Ivanov.

Paradoxically, Col Rutskoy seems to have drawn some of his 30 per cent score last Sunday by supporting Mr Gdlyan and adopting a stern, military attitude towards corruption.

But Mr Logunov, who fell out with his newspaper over his support of the maverick Mr Boris Yeltsin, has now become the liberal standard-bearer – and both prosecutors are backing him.

Words tumbled uncontrollably out of the mouth of a squat, middle-aged worker as he declared that the party apparatus had thrown its weight, and apparently money, behind Col Rutskoy. That seemed to be an unanswerable argument in favour of Mr Logunov.

A few yards away, a carrot-haired youth harangued listeners on the colonel's incorruptibility.

He is a deeply appealing figure to the Afghansti, the war veterans who feel lost on their return to Soviet society. He also appeals – Logunov supporters say – to a Russian nationalism tinged with anti-Semitism, and even to nostalgia for Stalin and "strong" leadership.

And the pro-Logunov worker, drawing breath for a second, turns to his Western listener and pleads, amid declarations of eternal friendship for the British people: "Please forgive me for talking for so much – you're used to elections. It's our first time."

Italian pilots to stage strikes

ALITALIA airline pilots yesterday announced they would stage six days of strikes starting on Friday, Reuter reports from Rome. The stoppages are expected to result in the cancellation of dozens of intercontinental, European and internal flights.

Pilots' unions said members flying Boeing 747s on long-haul routes would strike for 48 hours from 1900 gmt on Friday. Pilots on the Italian state airline's short-distance routes would strike for varying periods of up to 12 hours on May 22, 23 and 24. The strike is to press demands for improved pay and conditions.

Yugoslav leadership poll may increase tension

By Judy Dempsey in Vienna

DIVISIONS with the leadership of Yugoslavia's Communist Party, which have virtually paralysed it over the past year, are likely to persist following the election yesterday of a new federal leader.

Mr Milan Pancevski, who comes from Macedonia, was chosen under a system in which the federal party leader is rotated annually among the country's six republics and two provinces.

Mr Pancevski replaces Mr Stipe Suvar, a Croat, who openly clashed with Mr Slobodan Milosevic, Serbia's former party leader.

By using nationalist slogans and rallying his nationalist-inspired Serbian supporters, Mr Milosevic was able to topple the party leaderships in Vojvodina, Kosovo and Montegegro.

This pro-Serbian line-up is likely to be reflected in the composition of the new federal politburo.

Yugoslav journalists yesterday said that they expected the divisions between Serbia and its supporters, and the two northern republics of Slovenia and Croatia to sharpen before the party congress which is due to take place later this year.

Both Slovenia and Croatia bitterly opposed Mr Milosevic's tactics.

Murdoch teams up with Spanish TV investors

MR Rupert Murdoch, the international media magnate has teamed up with Spanish investors to launch a private television channel in Spain which may eventually beam programmes to Spanish-speaking viewers in the United States and South America.

Mr Antonio Asensio, chairman of newspaper and magazine publisher Grupo Zeta, yesterday said his company and Mr Murdoch's London-based News International would each take a 25 per cent stake in the station, Univision Canal Uno.

Mr Murdoch has made a last-minute entry into the fray against Italian entrepreneur Mr Silvio Berlusconi and French pay-television channel Canal-Plus, who have each separately linked up with Spanish interests to bid for three private TV franchises.

Mr Asensio told a news conference Univision would have initial capital of Pts15bn ($120m) and would finance a schedule of films, sport, documentary and news programmes out of advertising revenue.

"In future we hope to broadcast to Spanish-speaking audiences in the Americas using Murdoch's satellites," he said.

Five consortia have bid for the three nationwide TV franchises which the government put out to tender. Univision made its bid yesterday the last day for applications.

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AMERICAN NEWS

US trade deficit falls at exports hit record levels

By Anthony Harris in Washington

AN UNEXPECTED rise of 7.4 per cent in exports reduced the US trade deficit to $8.8bn in March, the Commerce Department reported yesterday. The news provoked an immediate surge in the dollar in foreign exchange trading, but US financial markets showed little response, as hopes of any easing of Federal Reserve policy faded.

The rise in exports to a record $30.8bn means that the deficit is again on a slowly improving trend, and put the US into surplus with the EC.

Over the last half-year exports have been growing at an annual rate of 17.7 per cent, well down from the unsustainable rates in mid-1988 but much faster than reports of slowing export orders have suggested.

At the same time import growth slowed sharply and the high February import figures was revised downwards. The import growth rate for the last six months has been 10.8 per cent annually.

If the trends of the last half year in exports and imports continued, they would produce an annual deficit of about $110bn, compared with $119bn in 1988. In fact, both import and export growth are expected to slow.

The rise in exports was broadly based, led by capital goods - notably computers, aircraft and industrial equipment.

Nearly all the rise in imports was in industrial supplies and materials, dominated by oil, where volume rose 7.3 per cent on top of a sharp rise in prices, resulting in a 13.6 per cent rise in the monthly imports bill, not seasonally adjusted.

The current rate of export growth would be enough to contribute nearly 1.5 percentage points to the growth in gross national product in a full year.

AP adds from Washington: The size of the March improvement surprised many economists. Analysts continue to insist, however, that the trade performance will show little, if any, improvement for the whole year as US exports fall victim to recent increases in the value of the dollar, which make American products more expensive on overseas markets.

Bush's Seoul envoy choice under fire

By Lionel Barber in Washington

PRESIDENT George Bush's nomination of Mr Donald Gregg as US ambassador to South Korea has run into serious obstacles in the Senate because of Mr Gregg's unresolved role in the Iran-Contra arms scandal.

Democrat Senators led by Mr Alan Cranston of California are pressing for Mr Gregg, a top aide to then-Vice President Bush, to withdraw. But he is standing his ground.

The conflict centres on Mr Gregg's regular contact with Mr Felix Rodriguez, a key operative in the secret re-supply operation set up for the Nicaraguan Contra resistance in El Salvador by the White House aide Oliver North.

The two men's friendship goes back to their days in the Central Intelligence Agency, but Mr Gregg has maintained that he only discovered Mr Rodriguez's role in the resupply network in August 1986, two months before the Iran-Contra scandal broke.

Democrats, already upset the Reagan administration may have withheld information from a 1987 Congressional inquiry into the scandal, have threatened to probe further. Some are irritated that Mr Bush has rewarded officials linked to the Contra operation.

Senate imposes curbs on FSX deal

By Peter Riddell, US Editor in Washington

THE White House yesterday expressed "very grave concerns" over new restrictions on the controversial FSX joint fighter project between the US and Japan imposed by the Senate as a further safeguard when it narrowly voted in favour of the overall deal late on Tuesday.

To the relief of the Bush administration, a resolution opposing US participation was defeated by the Senate by 52 votes to 47, with 11 Republicans in the minority. It would have required the opposition of both Houses to stop the deal so the President does not face a veto battle. Even though there would not have been enough votes to override his veto, Mr Bush has avoided what would have been a time-consuming embarrassment.

However, the Senate approved by 72 votes to 27 an amendment intended to strengthen the safeguards for the US in the project. This should not be an insuperable barrier given the overall vote.

Proposed by Senator Robert Byrd, the former Democratic majority leader, the amendment says that "at least" 40 per cent of the production work, including spare parts, should go to the US instead of "approximately" that amount as stated in the agreement.

Moreover, the amendment calls for progress reports every 12 months during the development phase and says the Commerce Department should be allowed to request changes if "US competitiveness is threatened." There is also binding language banning the transfer of certain jet engine technologies to Japan.

Mr Marlin Fitzwater, the White House press secretary, said yesterday that, while the president was pleased by the overall FSX vote, there were "very grave concerns about the Byrd amendment. Generally, it creates a system of Congressional approval over these kinds of projects that we consider to be erosive of presidential powers." The administration will work against the amendment when the measure reaches a House/Senate conference.

The State Department said yesterday that the new restrictions imposed by the Senate might force the renegotiation of parts of the agreement, which has already been renegotiated once.

The approval of this amendment and the critical tone of the debate reflects the widespread anti-Japanese mood in Congress at present on trade and economic issues.

Menem stays aloof from economic crisis

By Gary Mead in Buenos Aires

MR Carlos Menem, Argentina's President Elect, is due to meet President Raoúl Alfonsín today to discuss a transfer of power between now and December 10, the constitutionally fixed date for Mr Menem's accession.

The main issue is Argentina's economic crisis. It is clear that President Alfonsín hopes Mr Menem will be willing to join forces with the government to introduce inevitably unpopular austerity measures.

The chances of that are slim, however, because Mr Menem has on several occasions since last Monday's election made plain his view that his term of office commences on December 10 and not before.

Despite coming under growing pressure to nominate an economic team to work alongside that of the government during the interregnum, Mr Menem is being advised by senior Peronists that to do so would be politically damaging in the long run.

However, senior government members are putting pressure on Mr Menem to join hands with the government and co-operate on the economy. Yesterday, Mr Juan Carlos Pugliese, Minister of the Economy, called for an urgent meeting between his team and that of Mr Menem because "we must reach a general understanding. The dollar and prices will otherwise get out of control," he added.

Mr Menem has not yet formally nominated anyone to his future cabinet, and at the start of this week said he would not do so before June.

Mr Jorge Todesca, Trade Secretary, yesterday announced that the government was lifting a price freeze imposed on May 1 and substituting a "price administration" system by which major companies would be permitted to increase prices following government approval. Retail price inflation is expected to be in excess of 50 per cent in May, with wholesale price inflation as much as 80 per cent.

It is believed that the government is about to raise public sector tariffs, by between 45 and 70 per cent.

US aid offer for Soviet free market

By Robert Mauthner, Diplomatic Correspondent

THE US is prepared to give "technical" economic assistance to the Soviet Union to help it create a more free market type of economy, Mr James Baker, the US Secretary of State, said yesterday.

Mr Baker said during a television satellite link-up with several European capitals that the Soviet Union would dearly like to find ways of creating a market economy, but that it would find the transition very difficult. The US could help by sending economic experts to the Soviet Union to explain how free market mechanisms worked.

President George Bush would tell the Nato summit in Brussels at the end of this month that the West was winning its peaceful battle against the Communist bloc on all political and economic fronts.

The US wanted a political declaration to be adopted at the end of the summit which would stress the "community of values" linking the Western group of nations.

That was a much more important concept than President Mikhail Gorbachev's "Common European House," whose inhabitants could not move freely from one room to another, he said.

Haiti at last finds it has Caribbean good neighbours

Canute James looks at attempts to bring stability back to Haiti

HAITI'S Caribbean neighbours appear to have accepted, although somewhat belatedly, that they should play a part in attempts to help the troubled French-speaking republic towards political and economic stability.

Foreign ministers of the Caribbean Community (Caricom) have agreed to a request from the Haitian military government of Gen Prosper Avril, to send a mission to the country. Precisely what the mission will do is not clear. The Haitians wanted a ministerial mission, but the community says it is sending a "fact-finding group."

"The ministers and Caricom

Gen Prosper Avril

countries need to be careful that, while some encouragement needs to be offered to what appeared to be steps being taken by the present government towards the path of democratisation," said Mr Dean Barrow, the foreign minister of Belize, "Caricom cannot give the appearance of legitimising a government in respect of which the jury is still out."

Some regional governments have been encouraged by Gen Avril's promise to end over three years of military governments, one short-lived civilian administration and a string of coups and counter-coups since a wave of popular protests overturned the 29-year-old dictatorship of the Duvalier family.

The fact that Gen Avril, who took power in a coup last September, has not yet set a date for the election, is regarded by some Caribbean states as reason enough to get involved in the hope that the military leader can be prodded, or enticed, towards handing the country over to an elected civilian government.

The Caribbean Community's decision to send the mission is a far cry from earlier attitudes to the trouble in Haiti. The country's turmoil was either ignored by its neighbours, or was subject to flawed attempts to influence developments. One such effort was led by Mr Edward Seaga, the former prime minister of Jamaica, who with a group of other regional leaders, backed the questionable elections which resulted in the short-lived government of President Leslie Manigat.

Caribbean government officials say the mission, which will visit Haiti early in June, will present a report to be studied by the community's leaders at the annual summit in Grenada in July. The action taken after that, they said, would be in the form of diplomatic pressure on Gen Avril to hold elections, and to offer technical assistance in holding elections. Haiti's experience of elections in almost four decades is limited to an attempt in November 1987, which was stopped by armed thugs with the tacit support of the army, and a confused effort of questionable integrity a few months later which gave President Manigat a few weeks in office.

But if the region's governments are the ones to apply the stick to the Haitian government, it is the United States which is offering the carrot. When the 1987 election was cancelled the United States suspended economic aid to Haiti. This dealt a body blow to the economy, one of the poorest in the Americas. Washington said aid would only be restored when the Haitian army indicated a willingness to accept an elected government.

By restoring the post-Duvalier constitution and repeating his intentions to hold elections, Gen Avril appears to have convinced the US that he is serious, but that he needs help. The carrot being offered by Washington is the proposed restoration of some aid. Almost $40m has been promised Haiti, but this will not be available until the next fiscal year.

"The United States' policy objectives for Haiti remain the promotion of democratic reform, respect for human rights, credible economic development programmes and co-operation on narcotics issues," a spokesman for the US State Department said recently. "Gen Avril has made significant progress in this agenda in the past six months and the United States government will continue to support his efforts."

The best intentions of the Caribbean countries and the United States could be torpedoed unless Gen Avril continues the political tight-rope walk which has been necessary for the country's leaders since the fall of the Duvalier dynasty. Gen Avril recently survived two coup attempts within a week, but he appears to have made too many promises to too many people. He has been caught in a painful political vise. Pressurising the army leader on one side are disgruntled Haitians who are impatient for the changes which have been promised.

On the other side, Gen Avril has to confront hard line Duvalierists who want no elections and who still entertain hopes of retaking the country; military officers who feel the army should continue indefinitely to be central to the country's politics; and an increasingly strong clique within and outside the military which is turning Haiti into a major transhipment point for narcotics.

The Duvalierists and profiteering smugglers have been behind much of the recent foment and the cleavage in the armed forces which almost unseated Gen Avril. If they were to be successful in future moves against the army leader they will abort any transition to democratic government.

If only for self-preservation, the army leader may consider it necessary to frustrate his opposition by moving quickly to fulfil his promise for an early election.

OVERSEAS NEWS

Protestors in Tiananmen Square with a caricature of Deng Xiaoping, the Chinese supreme leader, calling for his resignation

Fasting students herald change in China

Peter Ellingsen reports on the historic protest that is choking the centre of Peking

ANALOGIES are elusive. Although the streets of Peking are full of demonstrators, they are not yet echoing with demands for a total change of government as Manila's did at the beginning of 1986.

Despite the excitement, there has also not been violence on the scale of Paris in the late sixties, or Seoul two years ago.

Like those cities, however, China is experiencing a revolution – not out of the barrel of a gun, as Mao Zedong would have it – but through the courage of children. They are actually teenagers and young adults in their early twenties, but they show the naivety and idealism of adolescents.

Gandhi and the non-violent campaign he waged on the British in India comes to mind, but in China – 40 years after the Red Army marched into Tiananmen Square – there is no foreigner to blame.

In some ways the students who have brought Peking to a standstill for five weeks are storming a symbolic Chinese Bastille, but that is only half the story. Walk and talk with the students of Peking, and it becomes clear that China's youth is having its Woodstock.

Like that celebration at the end of the West's decade of rebellion in the 1960s, the implications for the future are profound as the Peking students have turned mourning for Hu Yaobang, the deposed liberal Communist Party leader, – who died in April – first into protest marches, then democracy sit-ins and now a hunger strike for reform.

The flame they have lit threatens to re-align Chinese socialism. This week – with Soviet President Mikhail Gorbachev in Peking for a summit with China's leader Deng Xiaoping – the sights are truly extraordinary.

The vast Tiananmen Square in central Peking is completely choked with people – perhaps half a million of them – many holding banners eulogising Mr Gorbachev's glasnost and demanding liberalisation. In the centre of the crowd – right at the foot of the monument to revolutionary heroes – are 2,000 students who have not eaten for five days.

Some are sheltering from the boiling sun under umbrellas. Others are near exhaustion and are lying prone on the hot concrete. All are determined to fast until the Government agrees to an open dialogue.

They represent China's best and brightest, products of a selective education system that creams off outstanding talent for Peking's elite universities.

There are 10 ambulances on the square, and several others race in and out of the rough camp made by hunger strikers. With sirens wailing, they ferry the ill off to hospital – but most of the 1,000 stricken have returned after treatment.

Some 200 medical students from the universities move about the crowd offering drinks, support and shots of glucose and salt. They too complain: "The government has given us nothing."

That is not quite correct – by adopting a conciliatory line and eschewing force, the authorities have presented the demonstrators with a powerful, symbolic setting for their remarkable protest. Tiananmen is the heart of China, the plaza holding all the icons of the country's political life.

The Gates of Heavenly Peace with the deep, red walls of the Forbidden City from where Mao proclaimed the Republic in 1949, are to the north, south is the historic Qianmen Gate and Mao's tomb. To the west is the Great Hall of the People, where Mr Gorbachev was this week smuggled in a back door to meet Deng.

Like Mao's long-marching soldiers, the students have suffered for their vision of a better China – a powerful influence in a country where hardship is the norm and fasting an incomprehensible deprivation. No Chinese would willingly go without food, and those who do become martyrs.

Wen Lin, 20, a literature student at Qinghai University, hunches over a friend who has collapsed on the ground, and listens as a journalist from the official Peoples' Daily urges the students on – and rebelliously declares his support for their strike. Her eyes seem far away, her mouth set into a grim determined line as she strokes the prone girl's forehead and says in a croaky voice: "We have to keep going, this is our chance and for China's sake, we must take it."

As she is talking, a cheer goes and an elderly, grey-haired woman, hobbling on feet that were once bound, holds aloft a rough placard which reads: "The students are right in their actions."

Her lined face is tense and there are tears streaming down her cheeks. She does not speak, but her feelings are obvious – all the more powerful because they have clearly taken such effort to express.

As yesterday's extraordinary events have demonstrated, there are now hundreds of thousands of such people in Peking, most willing to take to the streets to give China's government its biggest challenge since 1949.

This is not a passing phenomenon. As a banner protruding from the Chinese Academy of Social Sciences said yesterday – perhaps on behalf of more than 2bn people – "Our hearts are with the students."

Hong Kong sees march of 6,000

By John Elliott in Hong Kong

MORE THAN 6,000 students marched through the centre of Hong Kong last night in support of the demonstrators in Peking. Their target was the local office of the Peking-based Xinhua news agency where more than 15 students have been staging a hunger strike for the past two days.

"Hong Kong's future is clearly related to China's and we believe in democracy," said Mr Terence Lau, a 25-year-old student in government studies who is one of the hunger strikers. "We admire the bravery of the Peking students whose demonstrations are a symbol for the Hong Kong people."

The Hong Kong Federation of Students organised yesterday's two-hour march and handed a petition in to the Xinhua offices. They have also collected more than HK$340,000 (£26,700) for the Peking students.

There was also a student demonstration in the Portuguese enclave of Macao.

Army loyalty doubts after coup 'foiled' in Ethiopia

By Julian Ozanne in Nairobi

THE Ethiopian capital of Addis Ababa was quiet but tense last night, 24 hours after what Western diplomats described as a foiled coup attempt by senior military officers.

The loyalty of army garrisons in the province of Eritrea remained in doubt, however, raising the prospect of further unrest.

In Addis Ababa, forces loyal to President Mengistu Haile Mariam appeared to be in control. The government reacted quickly to the attempted coup and, at a meeting at the Ministry of Defence in the early hours of yesterday, at least two plotters were assassinated – Major-General Merid Negussie, chief of staff of the armed forces and General Amha Desta, commander of the air force.

Mr Haile Giorgis Habte-Mariam, the Minister of Defence, was believed to have been shot by the rebels.

An announcement on state-run radio said: "Most of the conspiring generals wanted to create great unrest and disturbance . . . they tried to use force but were killed."

But a question mark hung over the reaction of the army and air force in the north of the country.

According to intermittent radio broadcasts coming out of Asmara, a garrison town with about 100,000 troops in Eritrea, the army and air force under Major General Demissie Bulto had declared themselves against the Marxist regime of President Mengistu and joining forces with the rebel Eritrean People's Liberation Front.

"We, the revolutionary army of Eritrea and the police force assure that we wholeheartedly support the overthrow of dictator Haile Mariam," one broadcast said.

A monitored radio broadcast from Addis airport control tower to Aden and Jeddah said: "Don't release any traffic routing overhead Asmara . . . zone unsafe."

The loyalty of the estimated 150,000 troops garrisoned in Eritrea, where the government has been fighting a losing battle with rebels, may prove critical to the survival of President Mengistu, who cut short his state visit to East Germany yesterday and was believed to be flying home.

"The capital has been sewn up pretty tightly by the regime. The coup appears to be dying down here," said one western diplomat, "but we still don't know how the military elsewhere will fall."

As many as 200 people were arrested by security police after the shooting around the defence ministry. Last night the goverment troops were said to be mopping up the few remaining pockets of resistance.

Tigray turning point that sowed seeds of discord

Julian Ozanne on the effects of the army's humiliation

WITH heads hung low, 20,000 battle-fatigued Ethiopian troops gathered up their Soviet-supplied Kalashnikov rifles and rocket launchers earlier this year and left Makele, the provincial capital of Tigray, without firing a single shot.

For the first time in the 28-year history of the Ethiopian civil wars waged in Eritrea and Tigray, sub-Saharan Africa's largest army had lost control of an entire province.

In a county run by the 320,000-strong armed forces (not including 1,000 Soviet and Cuban advisers) and where almost every family has had at least one member killed in the wars, the abandonment was *humiliating*.

Attention is now focused on the government-held towns of Keren, Asmara, Massawa and Asab in Eritrea: will the 150,000 troops stay loyal to President Mengistu Haile Mariam, now facing the most serious challenge to his authority since consolidating his power in 1977?

No one is sure who took the final decision to abandon the *Makele garrison. It may be that* senior commanding officers decided that holding Makele was untenable and gave the orders without consulting President Mengistu. But the withdrawal came in the wake of a series of crushing defeats for the army, culminating in a battle at the town of Inde Selassie in Feburary.

It is estimated that as many as 12,000 troops were killed or captured in that campaign which raged for several days.

For the first time the two main rebel groups, the Eritrean People's Liberation Front and the Tigrayan People's Liberation Front, co-ordinated a major assault on the army. Peasants around the town eagerly joined in the fighting, picking up abandoned guns and harrying the army as they tried desperately to retreat.

"The army really cracked and began to run for cover," said one western military analyst in a recent interview in Addis Ababa. "It became starkly apparent that the war-weary teenage conscripts lacked *the will and the motivation*, and maybe even the adequate supplies, to face an increasingly sophisticated and euphoric rebel army."

The surrender of Makele may yet prove to be the turning point in the life of the present government. A faction of middle-ranking officers began secret meetings and leaflets started appearing in Addis Ababa critical of the regime. The Soviet Union, which has poured an estimated $5-6bn into the Ethiopian war machine since radical military officers set up an oppressive Marxist state after taking power in 1974, began openly to criticise the regime's policies, army incompetence and call for a political solution.

Ethiopia's generally well educated officer corps is also frustrated with the economic effects of the fighting.

President Mengistu announced last year that military spending accounted for 50 per cent of the budget. As money has been pumped into the war effort Ethiopians have seen a continued slump in their living standards, shortages of basic consumer goods and food and the recurrence of mass starvation and famine.

Yet President Mengistu has *continued to insist on a military solution*. On the morning of his departure for East Germany and only hours before the coup attempt, he declared: "The armed struggle will be continued to maintain the unity and *territorial* integrity of the country until such a time that alternative solutions *to the conflict are found*."

The EPLF, whose clash with the central government goes back 28 years, continues to insist on independence for Eritrea, effectively annexed by Ethiopia in 1962, and have proposed a referendum in the province to test public feeling.

For almost three decades they have fought the government, capturing weapons and ammunition and getting food *supplied by US and European* aid agencies through Sudan, established a sophisticated network of undercover hospitals, roads and schools and farmed at night.

Addis Ababa resists the rebel demands. Allowing Eritrea to secede would cut the capital off from the strategically important Red Sea ports of Massawa and Asab and deny the goverment direct access to supplies *coming from the Soviet Union*. Eritrea also contains much of the industrial infrastructure of the country.

The TPLF are a more complex case, driven not so much by a demand for independence as by opposition to the Addis Ababa regime. They have stated that there can be no settlement *without the overthrow* of President Mengistu. They support the EPLF's secessionist struggle and call for a democratic and non-aligned government. But the movement is dominated by the Marxist-Leninist League of Tigray (MLLT) which defends the policies of Stalin.

Most observers believe that the wars will not end as long as Mengistu is in office. The upheaval of the past two days suggests that some senior military officers have reached the same conclusion.

IMF approves soft loan for Kenya

THE International Monetary Fund has approved a highly concessional Enhanced Structural Adjustment Facility for Kenya worth SDR 241.4m (£185m), Julian Ozanne writes from Nairobi. The facility, to be drawn down over three years in six instalments was agreed at the IMF board meeting earlier this week.

The Kenyan Government needs external assistance on easy terms to meet a continuing financing gap of about 4.1 per cent of GDP.

The facility, the first tranche of which is worth SDR 40.23m will be released on May 31, will give the Government access to SDR 148m more over the next three years than its previous arangements with the Fund. The facility is a very soft loan repayable over 10 years at 0.5 per cent interest.

According to an IMF spokesman in Washington the loan is tied to a policy framework paper adopted last month.

Fujinami before questioning yesterday

Two Japanese politicians surrender

By Stefan Wagstyl in Tokyo

TWO senior Japanese politicians involved in the Recruit affair yesterday surrendered themselves for questioning to the public prosecutor's office.

Mr Takao Fujinami, once cabinet secretary in the government of Mr Yasuhiro Nakasone, the former prime minister and Mr Katsuya Ikeda, an *ex-member of the opposition* Komei (clean government) party, became the first politicians formally to be investigated in the affair which concerns alleged wide-scale corruption.

Mr Fujinami and Mr Ikeda are being investigated after allegations of taking bribes from Recruit, the business information company at the centre of the affair. They allegedly used their influence to prevent changes in employers' recruiting practices which might have hurt Recruit's job advertisement magazines. In return they received cut-price stock and cash.

In other developments yesterday the ruling Liberal Democratic Party continued its search for a successor to Mr Noboru Takeshita, the prime minister, who has pledged to resign; an early date was set for Mr Nakasone's proposed appearance before the Diet to answer questions about his role in the scandal; and Mr Junya Yano, chairman of the Komei party, resigned.

The ruling party seemed to make little progress in its hunt for a new prime minister yesterday. Some LDP politicians suggested party leaders should resume talks with Mr Masayoshi Ito, the 75-year-old elder statesman, who has refused to take the job because of ill-health and because he believes other party leaders are not serious about cleaning up politics in the wake of the Recruit scandal.

However, the party may have achieved a breakthrough with an announcement that Mr Nakasone will testify next Wednesday about his role in the affair. Opposition politicians have been boycotting the Diet for three months in order to try to force Mr Nakasone to testify. But the crucial pressure came from within the LDP itself.

Meanwhile, in the Komei party the resignation of Mr Yano as chairman came as little surprise. Mr Yano accepted political responsibility for Mr Ikeda's debacle and for the trouble caused by allegations that he was himself involved in a separate stock trading scandal. Mr Yano, however, denied any personal wrong-doing.

An ascetic more partial to poetry than in-fighting

By Ian Rodger in Tokyo

Mr Takao Fujinami, 51, who was questioned by Tokyo prosecutors yesterday in connection with alleged bribes he received from the Recruit group, had been considered one of the handful of men most likely to become prime minister at some point within the next decade.

A protégé of Mr Yasuhiro Nakasone, Mr Fujinami was promoted rapidly in recent years, becoming a minister in the late 1970s and reaching the senior position of chief cabinet secretary in 1983 at the relatively young age of 51.

Like many of the other so-called new leaders of the ruling Liberal Democratic Party, he was seen as a thoughtful policymaker with good contacts across faction and party lines, rather than charismatic.

Mr Fujinami's family has long had ties with the grand Shinto shrines of Ise and he has often been described as a modest, even ascetic man, more interested in poetry and religion – he is one of the rare politicians who claims to be a Shintoist – than in the rough and tumble of political life.

He has been associated with education policy for much of his political career and is a poet, being a master of a school which writes the Japanese 17-syllable verses called *haiku*. He once wrote one to explain his philosophy, which could be translated roughly as "Happiness, living modestly, deep-rooted grass."

His contacts with Recruit, which publishes employment magazines for high school and university graduates, developed because Recruit was trying to stop the government from tightening regulations on advertising in such magazines during the period he was chief cabinet secretary. Also, Mr Hiromasa Ezoe, the former chairman of Recruit, sought *appointments to government* advisory bodies over which Mr Fujinami had some discretionary authority.

It is alleged that he used his power to help Recruit and to obtain appointments for Mr Ezoe in return for cash gifts from Recruit. Ironically, one of the charges is that he used some of the money he obtained through his contact with Recruit to eschew living modestly, and buy a substantial house in Tokyo.

● Mr Katsuya Ikeda, 52, is a four-term Diet man who, like Mr Fujinami, graduated from Waseda University. However, he worked his way into the Komei (clean government) party through joining its sponsoring organisation, the Nichiren Buddhist Soka Gakkai movement, writing for its newspaper, the Seikyo Shimbun. He joined the Komeito in 1976 and climbed rapidly to the post of deputy chairman late last year. He has been accused of planting questions in the Diet on the government's policy on advertising in education publications in return for large cash gifts from Recruit.

Strong recovery likely in Tunisia

By Victor Mallet

TUNISIA'S economy is expected to recover strongly this year and should grow by an average 3.7 per cent a year between 1989 and 1993 despite a pause in 1990, according to a report published today by the Economist *Intelligence* Unit.

The report is particularly optimistic about tourism, *where growth could average 9* per cent a year, and the prospects for textile exports.

Domestic demand will probably start to run ahead of growth in output as the economy expands, leading to a strong rise in imports of consumer and capital goods and a widening of the current account deficit.

Tunisia to 1993: Steering for Stability, by Michael Hopkins, EIU, 40 Duke St, London W1A 1DW. £125.

Shamir under right-wing fire over peace proposals

By Hugh Carnegy in Jerusalem

MR Yitzhak Shamir, the Israeli Prime Minister, yesterday rebuffed sharp criticism from within his own right-wing Likud grouping of his peace plan for the West Bank and Gaza Strip, saying he would never allow a Palestinian state in the occupied territories.

At the same time, his government barred the 670,000 residents of Gaza from entering Israel for the second day. The measures, intended to show the Government's determination not to give way to the 18-month Palestinian uprising, kept thousands of Arab workers away from Israeli industry, bringing many building sites to a standstill.

Mr Shamir faced tough *questioning from the Likud* parliamentary caucus before addressing the Knesset on his peace initiative. With his Labour coalition partners backing his initiative, Mr Shamir is well placed to ride out the Likud criticism, but it is likely to narrow the ground for the compromises still needed to make the peace plan acceptable to the Palestinians.

The Likud right-wing regards the plan as a concession to the uprising which would inevitably lead to a Palestinian state in the territories run by the Palestine Liberation Organisation. Mr Yitzhak Moda'i, one of three Likud ministers who voted against the plan in cabinet, has called on Mr Shamir to resign and a meeting of the party central committee has been called to debate the issue next month.

Shamir talks with a fellow minister in parliament yesterday

Aiming to be honest broker in the Middle East

Andrew Gowers and **Tony Walker** talk to Egypt's foreign minister about readmission to the Arab League

DR Esmat Abdel Meguid, Egypt's veteran Foreign Minister, is not a demonstrative man. But there was no mistaking his air of quiet satisfaction this week as Egypt prepared to take its place at an Arab summit for the first time in 10 years.

Egypt's formal readmission to the Arab League, expected at an emergency meeting of Arab leaders in Casablanca next Tuesday, will mark a notable achievement for patient and skilled Egyptian diplomacy.

Interviewed in the ornate former palace that serves as his headquarters, Dr Meguid clearly saw Egypt's return – coming after what he described as "many years of sometimes negative or radical attitudes" – as a vindication of a cautious and pragmatic policy that has sought to mend fences with Arab states while preserving Egypt's peace treaty with Israel.

"It is in conformity with the general trend that exists within the Arab world to have a pragmatic approach to the very important issues that we have to face in the next few months *and* years," he said.

Dr Meguid, who has welcomed a plethora of senior Arab *visitors to Cairo in the* last two months, made it clear that Egypt – while anxious not to exaggerate *the role it* might play in Arab forums – would assert itself on issues that had traditionally preoccupied the nation.

"We have been out of the Arab League for 10 *years, yet* this has not prevented Egypt from playing an honest broker's role," he said. "I don't think we will change our policy, which is a search for peace and for Palestinian rights."

Dr Meguid indicated that Egypt will try to boost the *effectiveness* of an organisation that has often been paralysed by internal divisions in *the past* – *if* necessary weaning it away from its obsession with unanimity: "Unanimity is *not* a must. It is certainly desirable, but short of achieving unanimity a veto by any country *should* not be *tolerated*."

The significance of this remark will not be lost on Syria, which *disapproves* deeply of current Palestinian overtures towards Israel.

Egypt's main priority is to build on the recently launched dialogue between the US and *the* Palestine Liberation Organisation, and Dr Meguid sees broad Arab backing as vital. "If *it* is not enough, at least it is a beginning," Egypt's Foreign Minister said of the dialogue.

Dr Meguid, whose career dates back to negotiations with Britain over Suez before the 1956 war, *said* world opinion was now taking the Palestinian issue more seriously. He praised *the stand* adopted by President George Bush.

He particularly noted Mr Bush's call for an end to occupation, which Dr Meguid interpreted as endorsing the principle of exchanging land for peace with territories seized by Israel in the 1967 war.

"The Americans are approaching the security of Israel as an important condition for peace," *he said.* "But security is something and the right of conquest of Arab territory is *another thing. I* think Israel cannot have both . . . it cannot have peace and at the same time keep the land."

Dr Meguid indicated that Egypt was prodding the PLO to clarify its *response* to Israel's proposal for elections in the occupied territories, but the Egyptian official *stressed* the election plan would require significant modifications before it was *acceptable*.

"Our position," he said, "has been that the principle of elections cannot be *rejected; it* is a democratic process. At the same time you have to have the necessary guarantees for a democratic process."

Egypt has received an invitation to attend an Arab summit in Morocco, formally ending a decade-long boycott over Cairo's peace treaty with Israel, Reuter reports from Cairo. The Middle East News Agency said King Hassan of Morocco, *host of the summit* which is due to meet in Casablanca next Tuesday, telephoned President Hosni Mubarak on Tuesday to convey the invitation.

Meanwhile Col Muammer Gadaffi, the Libyan leader, has launched a campaign against the summit and Jana, the official Libyan news agency, said he had convinced Syria and Kuwait that the summit was unnecessary. Jana officials said Col Gadaffi had telephoned the leaders of Syria, Kuwait, Algeria and Tunisia to say there was *no* issue to justify calling the summit, which will formalise Egypt's rehabilitation in the Arab world.

Most Arab countries severed relations with Egypt in 1979 when it signed a peace treaty with Israel. Its membership of the 22-nation Arab League was suspended. King Hassan's invitation crowns efforts by Mr Mubarak to distance himself from the 1978 Camp David *accords* which led to *the* US-sponsored peace treaty with Israel.

WORLD TRADE NEWS

India rejects foreign telecom deal

By David Housego in New Delhi

INDIA has closed the door to foreign companies seeking a further share of its multi-billion dollar market for switching equipment for telephone exchanges.

This was confirmed yesterday by Mr Sam Pitroda who took over last month as the all-powerful Secretary of the Department of Telecommunications and head of the Telecom Commission which formulates policy and prepares expenditure plans.

Mr Pitroda, a US-trained electronics engineer, set up four years ago the government-backed Centre for the Development of Telematics (C-DOT) which has developed its own switching system that will now be used for rural and main, 16,000-line exchanges.

His unexpected appointment to both posts for three years brings to a temporary close the battle over whether India should seek foreign collaboration in developing complex switching equipment or rely on indigenous technology.

Mr Pitroda confirmed yesterday that he had ruled out foreign collaboration in establishing a second electronic switching system factory. This is a blow to Alcatel, the French telecommunications group, whose E10B switching equipment is made at India's one existing plant at Manakpur. Alcatel, which has been in negotiations with the Hinduja group over a telecommunications partnership in India, has been pressing for a stake in one of four factories to manufacture main exchanges to be built in the next few years.

Other groups seeking a foothold in the $10bn Indian switch-gear market were AT&T and Siemens.

Officials and businessmen sceptical of the C-DOT technology believe that if it fails to perform satisfactorily or there are long delays in producing it, India could be forced to turn to foreign equipment. The C-DOT system is based on building large capacity exchanges by linking together microprocessor-controlled 128-port private business exchanges.

Mr Pitroda yesterday left open the possibility of foreign collaboration in peripheral telephone equipment but said: "We have to create more jobs for our people here. That is the policy." He said that the C-DOT 16,000 line main exchange was now undergoing field trials and would be in production by the end of this year or early next.

Pitroda: all-powerful

Delhi tries to shrug off Nepal bullying charge

By K.K. Sharma in New Delhi

INDIA yesterday sought to rebut embarrassing accusations that it is bullying tiny, landlocked Nepal by imposing trade restrictions by releasing figures showing that Nepal's trade is virtually normal.

The Indian Ministry of External Affairs also reiterated India's willingness to hold talks on all aspects of Indo-Nepalese relations provided an agenda could be agreed. Two messages to the Nepal Government on this had been ignored, it claimed.

Relations between India and Nepal deteriorated suddenly in March when 11-year-old treaties on trade and transit lapsed. India wants a common treaty on trade and transit whereas Nepal would like separate treaties, mainly to protect its rights of transit for trade with other countries.

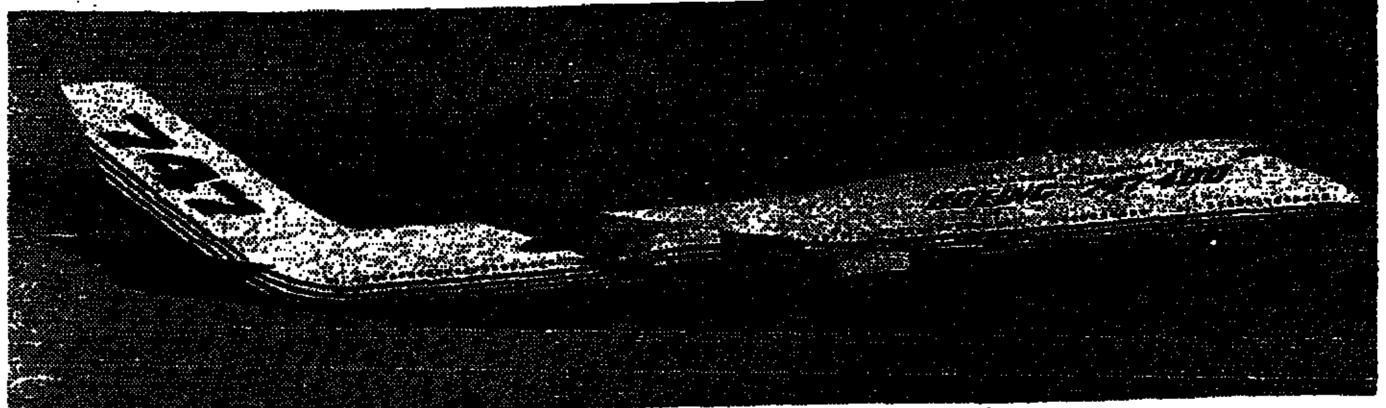
No talks have been held so far despite statements by leaders of both countries that they are willing for meetings at any level.

At the heart of the differences are purchases of anti-aircraft weapons by Nepal from China in 1987 and the granting of preferential tariff arrangements to Chinese goods. India also claims that Nepal has violated a friendship treaty of 1950, which provides for a special relationship between the two countries, by asking Indians in Nepal to seek work permits and placing hurdles in the way of Indian businessmen. No such restrictions are enforced on more than three million Nepalis working in India.

Since the treaties lapsed, India has allowed Nepal only two points of transit instead of 15 but claims that 85 per cent of its trade was conducted through these. The Indian ministry yesterday produced figures showing there was now normal movement of such goods from India and other countries as coal, cement, medicines, food, cosmetics, alcoholic beverages and the like.

It further claimed that Nepal had imported some items far in excess of its needs. The implication was that these were then smuggled across the long open border into India. Failure to check smuggling is one of India's complaints against Nepal.

The ministry admitted that India was no longer exporting petrol to Nepal. Petrol shortages have seriously disrupted life in Nepal and have affected its lucrative tourist trade.



Row over jumbo jet safety standards adds salt to Boeing's subsidy wounds

Lynton McLain traces the troubled background to the latest conflict over airliners between the US and Europe

BOEING, the giant US airliner manufacturer, has been stung to the quick by European civil aviation authorities telling it that the pride of its fleet, its latest jumbo jet, does not meet the latest safety standards.

Boeing dominates the world civil aircraft market with a 62.5 per cent share. There are no competitors to the Boeing 747. Criticism is hardly welcome.

"We are not getting into any slanging match in public with the Europeans," Boeing said angrily from Seattle, home of the jumbo jet, on Tuesday, when asked for comment on news Boeing would rather have kept under wraps.

Neither would it like the implication by some European aviation authorities that Airbus jets were being built to the latest safety standards, while the latest Boeings were not.

Some describe the safety rulings as "political dynamite".

This is because the US could interpret the safety action as a non-tariff barrier to free trade in the airliner business.

Boeing is already seething because of US allegations of unfair subsidies by European governments in support of the multi-national Airbus programme, which is taking sales from Boeing and McDonnell Douglas, the other large US airliner manufacturer.

The European Commission argued in talks with US trade officials in Geneva last week that the Airbus programme did not distort trade. The 17.2 per cent share of the world airliner market held by Airbus last year could not seriously affect its US competitors when demand was rising.

Nevertheless, McDonnell Douglas is currently urging the US Trade Representative, Mrs Carla Hills, to start a trade action against the four partners in the Airbus programme, the UK, West Germany, France and Spain.

Boeing had kept the story of the European concern over safety standards under wraps for months. Arguably it had known for nine years that its latest airliner, the 400 seat Boeing 747-400 jumbo jet, did not meet European standards of airworthiness.

European civil aviation authorities introduced the standards that are at the centre of the current dispute in 1980 after a fatal crash of a Turkish Airlines' McDonnell Douglas DC-10 airliner near Paris in the 1970s.

The cargo door on the DC-10 failed, causing decompression which crippled the floor containing the aircraft's vital control rods and wires and rendering the airliner unflyable.

The European authorities introduced new airworthiness requirements for airliners in 1980 as a direct result of the lessons learned from the Turkish Airlines' crash. These requirements called for the floors of airliners to be strengthened and for the controls and wires to be separated.

Airbus airliners meet these standards, but Boeing airliners do not, according to European civil aviation authorities.

Boeing said in its defence that it had "worked hard to satisfy the joint airworthiness certification requirements on the derivative 747-400 airplane which has already received full Federal Aviation Administration certification."

The statement contained two crucial points.

First, the approval of the airworthiness of the 747-400 by the FAA, indicates a clear difference of opinion between the US and the European civil airworthiness authorities about what is necessary for passenger safety. Approval by the FAA indicates that it apparently has a different view about learning from the lessons of air crashes, such as the Turkish Airlines disaster, to that of the Europeans.

Second, Boeing described the 747-400 as a "derivative."

Boeing said from Seattle, where jumbo jets have been made since February 1969, that the European authorities had certificated the jumbo jet that preceded the 747-400, the 300.

The Boeing 747-300 has essentially the same fuselage as the Boeing 747-400, while the latter has more fuel capacity, in the rear of the fuselage. It also has longer wings, with aerodynamic winglets, little upward pointing wings on the tips of the main wings, for improved flight efficiency. It also has more powerful engines and a longer range.

Boeing regards it as inconsistent of the European authorities to certificate the 747-300 as safe for passenger flights, but not, so far, the 747-400.

The Civil Aviation Authority in the UK resonded by saying: "We are being asked by Boeing in 1989 to certificate an airliner (the Boeing 747-400) to the standards of the early 1970s. There is disquiet that Europe should be asked to certificate an airliner that is not up to the latest safety standards."

A concern for Boeing and the US authorities is that four of the leading European countries with large airlines have acted in unison over the question of the Boeing 747-400 not meeting the latest European safety standards.

The civil aviation airline safety authorities of the four countries, the UK, West Germany, France and The Netherlands, have asked Boeing to examine the European standards, to see how far the company can meet them.

The four European countries acted in unison through the Joint Airworthiness Requirements. This is a form of convention which is part of the run up to a formal code of European air safety standards, known as the European Civil Airworthiness Code.

The paradox for Boeing is that this target of a European code will eventually simplify its procedures for certificating Boeing airlines for sale to European airlines, like British Airways, Air France, Lufthansa and KLM Royal Dutch Airlines, the four customers for the Boeing 747-400.

These airlines have ordered 55 of the latest jumbo,

Why Austria's top furniture maker is still steaming ahead

Judy Dempsey finds a successful combination of tradition and innovation in a 150-year-old Viennese company

IT WOULD have been easy for the Thonet family to rely on tradition instead of innovation. But it is not in their bones. When Michael Thonet (1796-1871) started out as a cabinet-maker in his home town of Boppard-am-Rhein in Germany, he used the old skills of wood-carving which had been passed on to him. But he added another, innovative one: he began to experiment by steaming his material, enabling him to bend wood.

What emerged are the chairs which now furnish almost every Viennese coffee-house and many of the world's cafés and restaurants: the classical Thonet chair with its elegantly curved backrest and legs.

Michael Thonet probably had no intentions of going to Vienna. But in 1841, Metternich, the former Austrian Chancellor and Foreign Minister, visited an exhibition in Koblenz where Thonet was displaying some of his revolutionary furniture designs. Metternich persuaded him to set up shop in Vienna where he could make a better living.

Fifty million chairs later and, after celebrating its 150th birthday, the business, now thoroughly Austrian, is still in the hands of the Thonet family. In Vienna, life was not particularly easy, although the chairs brought an adequate living. Though the family had a huge timber business in neighbouring Czechoslovakia, which before the First World War employed more than 10,000 people, once the Hapsburg Empire broke up in 1918, the family fortunes slipped, compounded by the economic crisis of the 1920s.

Things got worse during the Second World War when the company offices were bombed in April 1945. Between then and the late 1960s, there was little real movement towards innovation. But in 1973, when Mrs Evamaria Schmertzing-Thonet took over the company with Richard, her brother, the business was revamped. Like the founder, the new managers pursued both tradition and innovation.

While chairs 14 and 17, the names by which the bent-wood chairs are known, continue to sell well – production is about 30,000 a year – they are no longer the mainstay of the company. Mrs Schmertzing-Thonet chose to diversify into contract furniture, a sector which is now finally thriving and which has gained Thonet a significant foothold in West European and Japanese markets.

Contract furniture involves providing interior designs and fittings for offices, restaurants, banks, hotels and airports, and it now accounts for about 70 per cent of the Sch 130m turnover. This is up 15 per cent from last year, with exports accounting for 30 per cent of turnover.

This diversification has not led to Thonet's quality and style being compromised. To give it a creative edge, the family has forged links with Viennese artists. Some of the contract furniture, for example, is designed by Professor Ernst Beranek of the Vienna University of Applied Arts.

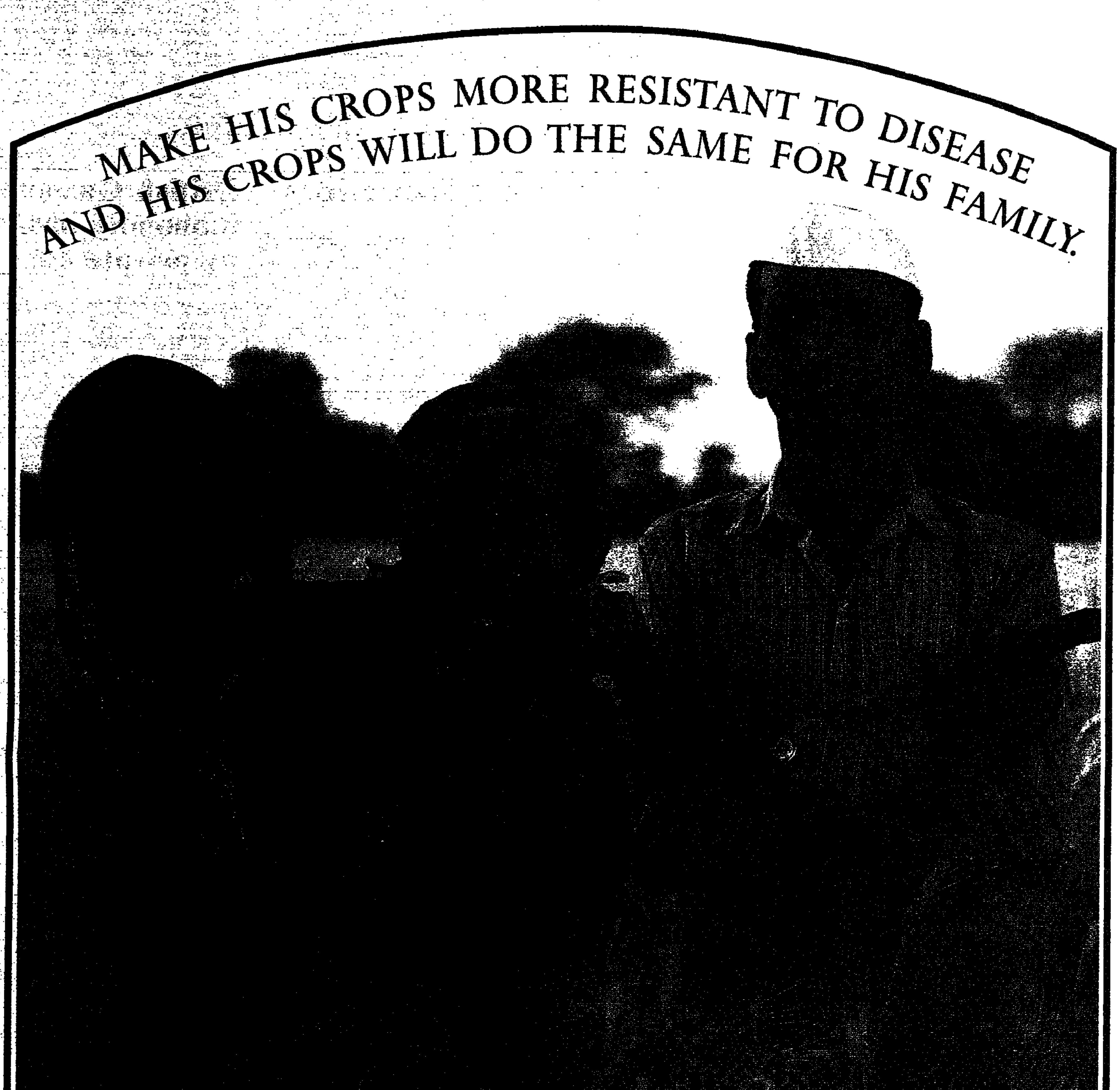
That close rapport has also given the younger generation of Austrian designers a chance to show off their talents to Thonet. Mrs Schmertzing-Thonet claims that, since it attacked the export market six years ago, a third of the company's total export turnover is accounted by Japan. Thonet has cashed in on Japan's obsession with "Jugendstil", the art and design movement which dominated Vienna at the turn of the century. Reproductions by artists such as Josef Hoffmann, Alfred Loos, and Karl Moser, who revolutionised interior design through the creation of new styles of lighting, furniture and household articles, are a prominent feature of Thonet's style.

The other main export markets are West Germany, the Netherlands, and Italy. Interestingly, Mrs Schmertzing-Thonet, says selling to Britain is a nightmare. "Distribution is too difficult," is a common complaint made by most Austrian retailers trying to sell to the British market. But not one to give up, Mrs Schmertzing-Thonet still hopes to win a foothold in the UK.

Two more aim to bid for Bundespost rival

A FURTHER two consortia have signalled their intention to bid for West Germany's proposed private-sector competitor to the Bundespost's pan-European digital mobile telephone – due in operation by 1992 – writes David Goodhart in Bonn.

Deutsche Shell and Salzgitter, the steel group with some telecommunications interests, are forming one consortium and the other is led by MAN, and includes Essener Ruhrgas, the energy group, and the two Bell companies, Bell Atlantic and Ameritech.


MAKE HIS CROPS MORE RESISTANT TO DISEASE
AND HIS CROPS WILL DO THE SAME FOR HIS FAMILY.

Share incentive 'anti-competitive'

Monopolies body finds against Unichem scheme

By David Waller

THE Monopolies and Mergers Commission, Britain's competition watchdog, yesterday ruled that a controversial share incentive scheme introduced by UniChem, a pharmaceutical wholesaler owned by 5,500 independent chemists, is anti-competitive and against the public interest.

The Government accepted the commission's recommendation that the scheme should be halted.

Mr Francis Maude, corporate affairs minister, said in a written answer to the House of Commons that an order would be issued prohibiting the co-operative company from continuing to operate the scheme.

The scheme linked the issue of new shares in UniChem to levels of business done with the co-operative.

Customers were wooed with the promise that the shares – which were sold at £1 – would be worth at least £12 when the co-operative sought a stock-market quotation in 1990.

The £1.5bn-a-year pharmaceutical wholesale market was thrown into turmoil when the scheme was introduced at the beginning of last year.

The scheme also helped UniChem to take its share of the market from 30 to 35 per cent, largely at the expense of its quoted competitors Macarthy and AAH.

The commission found that the arrangements had distorted competition by allowing UniChem to increase its market share by means other than price reduction or improved service.

This was found to be against the public interest.

Mr Peter Dodd, UniChem's chief executive, said that he was disappointed at the outcome of the investigation but was glad that there were no plans for a retrospective unscrambling of the 1.5m shares already issued under the scheme.

The scheme was referred to the commission in December last year after the Office of Fair Trading, which monitors unfair trading practices, had earlier found that it was anti-competitive.

Engineering laboratory to become state group

By James Buxton, Scottish Correspondent

THE NATIONAL Engineering Laboratory, the research institution which the Government tried unsuccessfully to privatise last year, is to be turned into a state-owned company and made the focal point of a new science park.

Last June, Lord Young, the Trade and Industry Secretary, unexpectedly called for commercial bids to be made within six weeks for NEL. Nine bids were received and the DTI named Yard, the Glasgow-based engineering consultancy, as the preferred bidder. But talks with Yard collapsed.

Lord Young has now accepted recommendations for NEL made by Touche Ross Management Consultants, who he appointed to make a detailed study of the institution.

Touche Ross said the East Kilbride site should be converted into a science and technology park to be named the National Technology Centre to attract high-technology companies. In two years, NEL would be transferred to a government-owned limited company which would form the science park's core.

Manufacturing output shows signs of slowdown

By Ralph Atkins, Economics Staff

SIGNS of a slowdown in UK manufacturing output growth from exceptionally vigorous rates last year came in official statistics released yesterday.

Central Statistical Office figures showed manufacturing production decelerated in the three months to March, continuing a steady slowdown seen since last autumn. Government statisticians revised downwards estimates of the underlying annual rate of increase from 6½ per cent in February to 6 per cent in March.

Total industrial production, also including energy, fell in the three months to March, largely because of problems with North Sea oil production, but was still higher than a year earlier.

The figures provided comfort for both financial markets and the Treasury, suggesting the economy may be moving towards a period of slower, more sustainable growth.

However, manufacturing output continues to expand rapidly by historical standards and the CSO warned its interpretation was only tentative. Recent figures may have been distorted by unusually strong growth in the third quarter of last year and problems in adjusting for the Easter holiday which fell entirely during the month of March for the first time since 1978.

A pronounced slowdown in production could also lead to higher labour costs per unit of output – particularly if wage settlements accelerate. Figures published today by the Department of Employment are likely to show average earnings continue to increase by more than 9 per cent a year.

Output figures for forthcoming months could be clouded by changes in the method of compilation after a Department of Trade and Industry review of statistics published last week.

From the second half of this year, monthly information will be based more on statutory forms filled in by companies rather than the current mixture of statutory and voluntary forms. CSO statisticians believe the long-term effect will be to improve the quality of the statistics but in the short-run there could be substantial revisions to figures.

In the first quarter, manufacturing output was 0.7 per cent higher than the previous three months – the lowest rate of increase for two years. Compared with the same period a year before, output was 6.6 per cent higher, the smallest increase since June.

Between February and March, manufacturing output rose by 0.6 per cent, reversing a fall in the previous month. However, monthly figures move erratically and are frequently subject to revision.

Total production in the three months to March was 1.4 per cent lower than the previous three months and 1.2 per cent higher than the same period a year before. Output in the energy sector fell by 7.2 per cent in the first quarter of 1989 and was 12.1 per cent lower than a year before.

The CSO said the Piper Alpha disaster hit energy output from the second half of last year with other North Sea incidents hitting production from the start of this year. It estimated that without these factors, energy output in the three months to March would have been 2 per cent lower than a year earlier.

The index of manufacturing output stood at 118.5 (1985=100) in March compared with 117.8 in February. The index of total production was at 109.6 against 108.9.

Abbey challenges float critics

By David Barchard

ABBEY NATIONAL building society yesterday challenged critics of its planned stockmarket flotation to either substantiate or withdraw claims that directors had misled members.

Mr Sam Stamler, barrister, speaking for Abbey National at the statutory hearing by the Building Societies Commission on the society's conversion into a public company, said the claim, contained in a submission by Abbey Members Against Flotation, "should be withdrawn or made good."

Mr Stamler spoke at the beginning of what is expected to be a two day hearing in Church House in London. Because of the number of complaints made, it has turned into a virtual trial of the conduct of the society's board during the flotation and the members' vote which preceded it last month.

Critics of the flotation allege that Abbey National's board failed to inform members adequately of the disadvantages of flotation, despite a legal obligation to do so.

If the BSC panel, headed by Mr Michael Bridgeman, First Commissioner, were to rule against Abbey National on a substantive issue, the 90 per cent vote in favour by members would be overturned and the flotation could not go ahead.

Members of the BSC read out a summary of 217 complaints by members of the society.

British Gas supply monopoly broken by private company

By Maurice Samuelson

A COMPANY headed by Lord Ezra, former chairman of British Coal, has broken British Gas's monopoly over its industrial and commercial market by securing a contract to supply its own customers through the national gas grid system.

Under a contract worked out by Ofgas, the Government-appointed regulatory body, Lord Ezra's AGAS company will be able to start supplying a factory in Manchester with gas purchased from an independent North Sea producer.

AGAS is a joint venture owned by Associated Heat Services, which is also headed by Lord Ezra, and Hadson Gas Systems, one of the leading independent US gas marketing concerns.

British Gas, a privatised monopoly which is under increasing pressure to expose itself to competition, refused to comment on the directive. "We are being coy but may respond at a future date", said an official.

Mr James McKinnon, director general of Ofgas, said that that AGAS's contract, incorporated in an Ofgas "direction" to British Gas, marked a "watershed for competition".

Lord Ezra welcomed it as an opportunity for "real gas to gas competition" in the next few years. "Our AGAS objective is to win 10 per cent of the UK contract market by providing keen prices and flexible arrangements to meet consumers requirements."

The 1986 Gas Act, under which gas supply was privatised, contained provisions enabling competition to development, but entrants have been slow to emerge as British Gas has had most of the available gas reserves.

The Monopolies and Mergers Commission and Lord Young, Trade and Industry Secretary, have introduced several measures aimed at helping potential competitors. They include the provision that 10 per cent of all future gas fields should be set aside for competitors to British Gas.

The initial contract covers the carriage of 1.25m cubic feet of gas per day to a 6MW combined heat and power plant managed by Associated Heat Services in the Manchester area.

AGAS is also trying to sign up gas supplies from five more North Sea producers, and hopes to be supplying about 800m therms a year – nearly a tenth of British Gas's existing contract market – to customers through the gas grid within five years.

Interest on Sinn Fein in Northern Irish local poll

By Our Belfast Correspondent

VOTE counting in Northern Ireland's local government elections starts today with attention focused on the performance of Sinn Fein, the political wing of the Irish Republican Army after after several recent IRA attacks in which, civilians have been killed or injured.

An average turnout of around 55 per cent was predicted when polling stations closed at 10pm local time last night in the province's 26 district council areas.

The turnout was expected to be slightly higher in Dungannon, where unionists and nationalists jointly control the council, and in Cookstown and Limavady, where there was a possibility of nationalists gaining control from the unionists.

Around 900 candidates are contesting 554 seats with the Ulster Unionist Party fielding the most candidates.

Sinn Fein, the IRA's political wing, has already acknowledged that recent botched terrorist attacks which caused civilian casualties could damage their electoral prospects.

Unionists regard the election as a roll-call for the continuing campaign against the Anglo-Irish agreement, under which the Republic of Ireland is given limited influence in the running of the north.

Yesterday's election was the first time candidates were required to sign an anti-violence pledge. Some results will be declared later today with the make-up of the new councils being completed tomorrow night.

Broadcast ban 'was political judgment'

By Raymond Hughes, Law Courts Correspondent

THE imposition of the broadcasting ban on Sinn Fein, the political wing of the Irish Republican Army, was "a matter of political judgment", the British High Court was told yesterday.

Mr John Laws, counsel for Mr Douglas Hurd, the Home Secretary, acknowledged that, as was clear from the parliamentary debate preceding the ban, there were different, reasonable, views on whether or not it should have been imposed.

But, he said, the Home Secretary's decision that radio and television should be directed not to interview members of Sinn Fein and other specified Northern Ireland political organisations, or directly broadcast their words, had been supported by a majority in parliament.

The Government is defending the ban, imposed last October, against a challenge to its legality by six broadcasting journalists and a representative of the National Union of Journalists.

The court yesterday reserved its judgment on the journalists' claim for a ruling that Mr Hurd exceeded his powers in imposing the ban.

The journalists assert that the ban is an unjustified interference with freedom of expression which inhibits their ability to inform the public about current affairs.

Mr Laws said that the journalists were calling on the court to decide whether the ban was in the public interest – "to do the Secretary of State's job for him."

The ban could be overturned only if the court were satisfied that no reasonable minister would have imposed it or that it was an abuse of power.

If it was an abuse, it was one which had been condoned by parliament, Mr Laws said.

He disputed the journalists' argument that the ban breached Article 10 of the European human rights convention which guarantees freedom of expression.

Mr Laws observed that neither the BBC nor the Independent Broadcasting Authority had challenged the ban.

"The very people on whose shoulders these functions are passed have thought it right, and must have thought it at least proper, to sit on their hands and obey the directions," he said.

Winding-up the journalists' case, Mr Anthony Lester, QC, said that if the Home Secretary was saying that the court's powers should be diminished when a minister acted with parliamentary approval it was "a dangerous doctrine."

Arguing that the ban should be quashed Mr Lester said that it was "draconian... a gross overkill and absurd."

BMA advises doctors to resist health reforms

By Alan Pike, Social Affairs Correspondent

BRITAIN'S doctors are to be told not to co-operate with implementation of the Government's proposed health reforms until Mr Kenneth Clarke, Health Secretary, agrees to negotiate on the changes.

The policy of non co-operation was adopted overwhelmingly at a British Medical Association special conference called in London yesterday to consider the reforms. It means, among other things, that family doctors will be advised not to volunteer to hold budgets for their practices, and consultants not to undertake the management functions necessary to prepare hospitals for self-government.

Mr Clarke responded to the conference decision by saying he was prepared to meet the BMA. So far, the Health Secretary has been willing to discuss with the medical profession methods of implementing his proposals, but not the principles involved. BMA leaders hope the overwhelming opposition expressed at yesterday's conference will enable them to persuade Mr Clarke to proceed more slowly and cautiously.

Mr Stephen Brierley, a surgical senior registrar from Coventry, who moved the successful motion calling for non co-operation, said: "Doctors have a responsibility – and one could argue a moral duty – to seek to change these proposals in a way which will protect patient care in the NHS."

Non co-operation, he said, did not constitute industrial action and doctors would continue to fulfil their present contracts. But they should not be prepared to collaborate with an exercise which they believed was going to damage the health service.

Dr John Marks, chairman of the BMA council, opened the conference with a warning that many doctors believed the whole future of the NHS was in jeopardy. "We are now in a most interesting, vital and frightening period of medical politics, the like of which we have not seen since the 1940s."

Despite widespread opposition to the reforms from within the medical profession, BMA leaders recognise that the Government is unlikely to abandon its plans. The position which they will take when they meet Mr Clarke was spelt out in Dr Marks's speech. Mr Clarke, he said, should "calm down, sit down and slow down."

Dr Marks reiterated that the BMA was not opposed to experiments – possibly in one health region – to assess whether the Government's so far untried proposals would work. But the Government's current timetable of introducing the changes nationally from 1991 was "completely unrealistic."

Last week nearly 150 hospitals submitted initial expressions of interest in becoming self-governing trusts within the NHS. But Mr Paddy Ross, chairman of the BMA's consultants committee, said a BMA survey had so far identified only four hospitals where there was positive support for self-government among the medical staff. After yesterday's resolution, staff would be advised to take no further steps towards self-government.

Dockers' ballot expected to back industrial action

By Jimmy Burns, Labour Staff

REGISTERED dockers have voted by a substantial majority in support of a national strike unless port employers agree to a new national agreement covering pay and conditions, union officials claimed yesterday.

The results of a ballot of the 9,400 dockers registered under the Dock Labour Scheme, which the Government is abolishing, are expected to be announced officially by the TGWU transport union tomorrow.

As voting ended yesterday, however, reports from district officials and shop stewards in several ports indicated that there had been a large turnout in the ballot and that between 70 and 80 per cent may have voted for action.

The TGWU reiterated that whatever the result of the ballot it would await the outcome of legal action against it by port employers, which begins in the High Court today, before deciding whether to implement a national strike.

Meanwhile it plans to use the ballot results to force the NAPE back to the negotiating table. If the TGWU emerges victorious from the High Court next week, which the union is confident of doing, it plans to give employers about a week in which to respond "positively" or else be faced with a national strike.

However, shop stewards were warning last night that dockers in some ports, already impatient with the TGWU leadership, may begin unofficial action in the next few days.

In a test case for the Government's employment legislation, the TGWU plans to argue in court that it is involved in a lawful industrial dispute concerning the terms and conditions of registered dockers.

Port employers argue that behind a veneer of legal respectability, the TGWU real intention has been aimed against the Government's decision to scrap the Dock Labour Scheme.

● A breakthrough in the universities' pay dispute has been made with leaders of the Association of University Teachers announcing their readiness to recommend acceptance of a new employers' pay offer.

The law finds fresh advocates in industry

Charles Leadbeater looks at the increasingly legal nature of industrial disputes

FROM NOW on it seems big disputes will not simply be industrial – they will be "legal-industrial disputes." For the the disputes over the national dock labour scheme, at London Underground and in the engineering industry mark a new stage in the relationship between legal and industrial action.

In the national docks dispute the TGWU has gone further than any union in preparing the legal foundations for a strike. Its actions over the past few weeks – for instance delaying the strike ballot to distance it from the Government's announcement that the scheme was to be abolished – have been aimed at persuading the courts that the dispute is industrial rather than political. Its success will be tested today when two port employers pursue their case for an injunction to prevent a strike.

Carefully laid plans for strikes at selected engineering companies over a national claim for a short working week could also set precedents. Can unions have a trade dispute with an employers association – the Engineering Employers Federation – rather than a company? Many engineering groups encompass several companies, with scattered plants. Under the as yet untested 1988 Employment Act, what is the appropriate bargaining unit to ballot: all the companies in a group, some of them, all the plants, or just a single plant at a single company?

London Underground's successful challenge to the National Union of Railwaymen's ballot broke new ground, with the courts being asked to give a detailed interpretation of the meaning of a ballot question and the union's intentions.

Taken together these cases mark a new high tide in the law's involvement in industrial relations. Rather than merely providing a general framework for voluntary collective bargaining, disputes are increasingly being channelled into formal, legal procedures.

Pre-strike ballots have been assimilated as part of the routine of collective bargaining, says Mr John Monks, the TUC deputy general secretary. "Negotiations are often tentative until there has been a ballot. It is often only then that employers will improve their offer," he says.

John Monks

Mr Monks says : "We used to think unions would only get in trouble if they called a strike without a ballot, or if they called secondary action. The London Underground case shows that even ballots over primary industrial action, clearly involving a trade dispute with an employer, can now be questioned."

Many strikes are no longer simply about seeking an improved pay offer. As in the London Undergound case they often involve complex changes to working practices.

The 1988 Act says there must a common link between workers within an appropriate bargaining unit. With the break down of national pay bargaining it will be easier for employers to argue that their employees are not united by the common link of national terms and conditions.

The effect is that British industrial relations may be becoming more like the North American system, where lawyers are deeply involved in disputes from their inception, because collective contracts between unions and employers are legally enforceable.

Although the British system is based on the principle of voluntary, self-regulating collective agreements, the increasing legalism of disputes may be creating de-facto legally enforceable agreements, according to Professor Roy Lewis of Southampton University's labour law department.

"Although collective bargaining is voluntary, it is now capped by a superstructure of legal sanctions to effectively resolve disputes through legal enforcement. We are developing a much more legally structured collective bargaining system," he says.

The growing role of the courts can also generate uncertainty. Although most employers can go to court confident they have a good chance of winning their case, the increasing legal sophistication of unions may throw this in doubt, says Mr Bob Simpson, senior lecturer in labour law at the London School of Economics. Last year for instance some clever footwork by the National Union of Seamen forced Sealink to return to court several times.

Finally full-time union officials may lose their control of disputes for a different reason. If unions involved in primary trade disputes find it more difficult to call action after a ballot, this may provide a fillip for unofficial action.

The Government's legislation, employers increasing appetite for injunctions and judicial interpretation has not merely reduced the strike rate. It is fundamentally altering the conduct and resolution of industrial disputes, as disputes over legal definitions and demarcation lines become as important as disputes over job definitions and shopfloor demarcation lines.

Key defence policy wins Labour's support

Mr Neil Kinnock's "doctrine of uncertainty", under which potential enemies would be unable to discount the use of nuclear weapons by a Labour government, was yesterday formally incorporated in the party's defence strategy.

During a meeting of Labour's national executive committee, the Labour leader won overwhelming support for amendments designed to remove potentially damaging ambiguities from the defence strategy approved last week by the NEC.

Yesterday's meeting passed by large majorities the seven policy review documents which will form the basis for Labour's next general election manifesto.

Bankers warning

The British Bankers Association has taken the unusual step of publicly criticising the Government over its failure to clarify the ability of local authorities to engage in capital markets transactions.

PSB surplus of £800m

The Treasury said yesterday there was a public sector borrowing requirement surplus of £800m in April. A deficit of £1bn was dwarfed by the receipt by the Exchequer of £1.7bn in receipts from privatisation, comprising the third instalment of the British Petroleum share sale and a British Gas debenture payment.

Irish power line

Republic of Ireland could provide electricity and natural gas to Northern Ireland after Michael Smith, Irish Energy Minister, said he will discuss a cross-border electricity with Mr Tom King, Northern Ireland Secretary.

Rose proposal

Southwark council in south London said it would favourably consider new designs for an office block above the Elizabethan Rose Theatre site which included additional floorspace to compensate for any lost in preserving the remains for public display.

Conoco jobs go

Conoco UK is to shed about 150 administrative jobs in a reorganisation of its North Sea oil exploration and prodnction operation. The job losses will not cut into Conoco's core of oil and gas specialists. The company has a UK staff of about 1,500.

US electric study

The South East Electricity Board has asked Ultrasystems of California, a subsidiary of Hadson Corporation, to prepare feasibility plans for a 100-200MW power station.

Shortage of lawyers

The House of Commons was told yesterday that a shortfall in lawyers was the "gravest problem" facing the Crown Prosecution Service which has faced escalating costs since its inception in 1985.

President quits

Ray Chadburn, Nottingham president of The National Union of Mineworkers, is being forced to quit because of pit closures. He will take early retirement in July following a decision by the NUM to make cuts as membership plummets from a quarter of a million members at its peak to the current 60,000.

New agencies to run UK social security

By Hazel Duffy

THE GOVERNMENT has announced the reorganisation of one of the largest departments in the civil service.

The Department of Social Security is to be reorganised into two, or possibly three, executive-style agencies and a central core policy unit.

It is the latest move in the Government's programme, already announced, to inject managerial disciplines into state administration.

The executive agency programme, which was endorsed by Mrs Thatcher just over a year ago, is designed to give more autonomy to units which are carrying out predominantly executive, as distinct from policy, activities.

Mr John Moore, Social Security Secretary, told the House of Commons yesterday that over the next two years his department will be restructured under chief executives. These top managers will be recruited by open competition, and selected for their business acumen and management ability.

The biggest agency will deliver and administer benefits, currently totalling £48bn. It will have a staff of around 70,000, which will decline as more work is computerised. The launch is scheduled for April 1991.

A separate agency will be set up next April to handle computing and communications technology for the department and its other agencies. It will have about 3,000 staff.

The contributions unit, including the administration of National Insurance contributions, the state insurance system, will have about 7,000 staff, and will be a separate unit under the Benefits Agency or an agency in its own right.

A small core of civil servants concerned mainly with policy will remain at the centre. At present, this consists of about 5,000 staff, but will shrink to about 2,000. It will not necessarily stay in London.

Mr Moore promised that the new organisation, while being more cost-effective, would also ensure a better service for claimants. The performance of staff will be measured by targets which will set a benchmark, for instance, for the length of time that claimants should be expected to spend in queues.

The detailed arrangements for the agencies have still to be worked out in detail. Staff will still be civil servants.

Five executive agencies have been set up in the past year, including Her Majesty's Stationery Office, and the Vehicle Licensing Unit. The DSS, however is the largest so far to be reorganised.

MPs agree on television coverage in the House

By Philip Stephens, Political Editor

MPs yesterday paved the way for the televising of the House of Commons later this year, but their proposals for tight restrictions on the use of the television cameras brought criticism from the broadcasting companies.

A House of Commons committee on broadcasting agreed that a 10-month experiment should start with the opening of the 1989-90 session of parliament in November. Cameras will also be allowed public committee meetings.

The experiment will be run by a joint company set up for the purpose with the BBC, and the IBA, the independent television regulatory body. But the unit will operate under the control of MPs and the House of Commons will retain the copyright of the televised proceedings.

Mr John Wakeham, the leader of the House of Commons, whose recommendations provided the basis of yesterday's report, said yesterday that it was possible that MPs would vote against the permanent televising of their proceedings. He thought, however, that this was unlikely.

Among a long list of restrictions framed by MPs on the manner of coverage are an insistence that it should generally be restricted to "head-and-shoulders" shots of the MP holding the floor at a particular time, with only occasional wide-angle shots. Panning shots along the benches are forbidden, as are coverage of disturbances.

Mr John Birt, deputy-director of the BBC, said he was concerned that such rules would not allow coverage which would give viewers a full, impartial and meaningful impression of proceedings. The House of Lords is already televised under less restrictive rules.

Divide sharpens in Tory party over Europe policy

By Our Political Editor

THE SPLIT within the Conservative Party over its approach to Europe sharpened yesterday as well over 100 Conservative MPs publicly backed Mrs Margaret Thatcher's strong defence of British sovereignty.

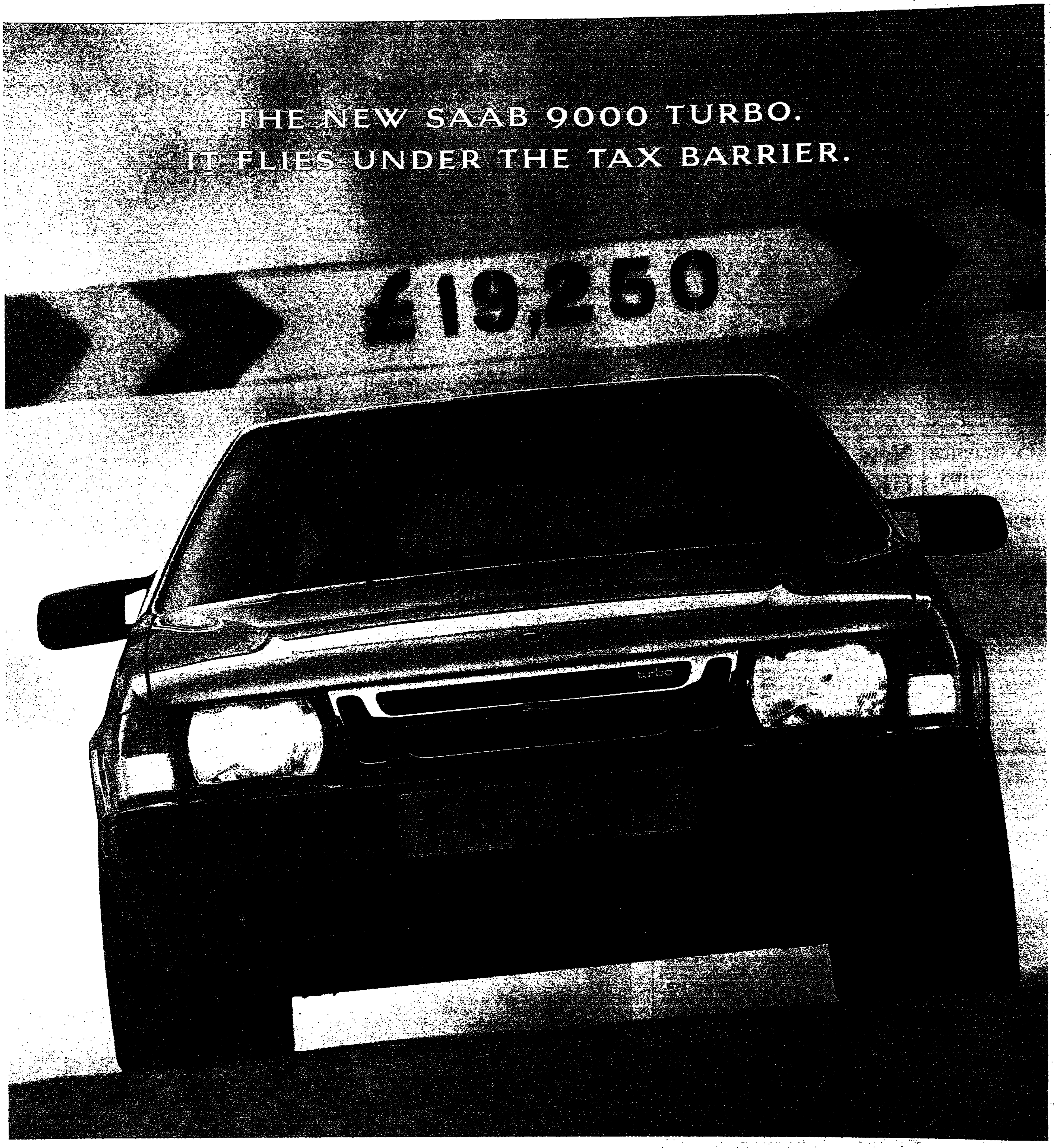
Their stance, in a House of Commons motion, followed this week's strident attacks on the Prime Minister by Mr Edward Heath, himself a former Prime Minister, and the call by Mr Michael Heseltine, who resigned from Mrs Thather's Cabinet in 1986, for the Government to adopt a more positive role towards European integration.

The controversy is now expected to run through the campaign for the elections to the European Parliament on June 15. Mrs Thatcher plans to appear in person at the launch of the Conservative manifesto and to play an active role in the campaign.

Both Mr Heath and Mr Heseltine, however, are also expected to assume prominent roles, and some senior ministers are now resigned to the prospect that the media is likely to continue to focus on the divisions.

MPs with close links to the party's European movement were privately voicing dismay at what they saw as an attempt by Mrs Thatcher to throw off the Conservatives' traditional image as "the party of Europe".

Yesterday's motion congratulates the Prime Minister on her "strong leadership" and on view that the "best way to build a successful European Community is through willing and active co-operation between independent sovereign states".



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More sign up for electronic cheques

Della Bradshaw looks at the credits and debits of a new cashless shopping network

From this summer, shoppers in three UK cities will be able to pay for goods using a pilot cashless shopping system run by EftPos UK, a company funded by 12 banks and building societies under the aegis of the Bank of England.

The ultimate aim is to set up a national transaction network which is both secure and uses standard equipment – one terminal that can take all plastic debit, credit and charge cards, as opposed to the myriad of terminals needed today.

The £50m already sunk into the project is in addition to the millions of pounds which the banks have invested in their own debit card services for electronic funds transfer at point of sale (Eftpos) – often dubbed the electronic cheque. The banks are backing both horses – the national EftPos UK network and their own individual Eftpos services – because of the ultimate financial benefits of dispensing with paper cheques.

Although the EftPos UK consortium needs the participation of retail chains to test the system fully, so far only W. H. Smith and Sainsbury have decided to take part.

Others, such as Marks and Spencer and Boots, argue that the technology has been developed to enhance bank profits rather than to help retailers. They complain that it will be expensive to install and inconvenient to operate. Their objections include the following:

- They have to rent or buy an extra "swipe" terminal which will be connected exclusively to the EftPos UK network.
- EftPos UK recommends the use of a four-digit personal identification number (Pin), with a counter key pad. Retailers say that it is cheaper and more secure to identify purchasers by their signatures.
- The system is on-line, which means that every transaction has to be cleared individually with the EftPos UK switching computer centre over a telephone line. Retailers would prefer a cheaper, off-line direct debit system, where the details of the transaction are recorded and then sent to the bank in bulk overnight.

EftPos UK and its participants defend the service by arguing that the trial needs to test a range of parameters, some of which may not be included in the future national service. The aim is "to test that we have put in the correct handling techniques," says Brian Allison, general manager of EftPos UK.

The banks believe that a Pin number is essential for unattended outlets, such as petrol stations. They argue that the high customer acceptance of Pin numbers for cashpoint machines – Allison says that 75 per cent of all cash withdrawn from banks is done this way – will spill over into cashless shopping.

As far as the complaint of inconvenience is concerned, the banks say that although the trial involves using an extra terminal and key pad, manufacturers and retailers will eventually be able to incorporate a standard swipe unit into their equipment.

The trial, known as the "inaugural system", involves installing 2,000 terminals in retail outlets in Edinburgh, Leeds and Southampton. So far 300 outlets have signed up.

W. H. Smith, which has taken 60 terminals, sees the EftPos UK trial as a way of gaining experience in direct debit services and catching up with other retailers which already use individual banks' Eftpos services, says Stuart Leadill, group treasurer. "W. H. Smith is different from the majority of high street retailers because the average ticket is fairly low compared with supermarkets, furniture stores or even clothes shops," he says. "Because of that we have not looked at Eftpos systems as quickly as other retail chains."

However, Leadill acknowledges that the system has its drawbacks, in particular the Pin numbers. "We think Pin numbers are less secure at the point of sale than a signature."

With the EftPos UK inaugural system, a magnetic card is swiped through a terminal and the information from the card is transmitted over a telephone line to the consortium's computer centre. To secure the network against fraud, the EftPos UK network uses an encryption (coding) technique known as RSA, after its authors Rivest, Shamir and Adleman. Developed at the Massachusetts Institute of Technology, RSA scrambles the data from the card before transmission.

The computer authorises the transaction by sending a message back to the store. It then instructs the card-issuing bank's computer to debit the card holder's account and it credits the retail store.

Direct debit systems do not instantaneously deduct the amount from the card holder's bank or building society account. With the EftPos UK service, the banks have generally decided to give customers three days' grace before debiting accounts – the same as when paying by cheque.

However, once the national EftPos UK service is in full swing, some of the banks admit that they could be under pressure from the retail chains to reduce the gap between authorisation and debit to transfer the funds to the retailers' accounts more quickly.

Leadill believes that this will be inevitable. "The bulk of benefits with Eftpos will accrue to the banks. But retailers have to reconfigure their stores and train staff to use the new system. If Eftpos is going to cut the banks' costs, then the retailers want part of the benefits," he says.

About 40m cards issued by a variety of institutions can be used in the EftPos UK scheme. Some card holders will discover that their existing cashpoint, direct debit cards or cheque guarantee cards can be used, while others will need new cards issued by their bank or building society.

The trial service will last about a year and then the plan is to extend it to retailers throughout the country. By next summer the banks will have to decide whether to integrate their Eftpos systems – such as the Switch debit card system pioneered by the National Westminster Bank, Midland Bank and Royal Bank of Scotland – into the national network. Most are not yet ready to reveal their hands.

One exception is the Clydesdale Bank, with headquarters in Glasgow. Robin Reed, EftPos UK project director for the bank, says that its policy is to merge its Eftpos service with that of EftPos UK when the national service is fully operational.

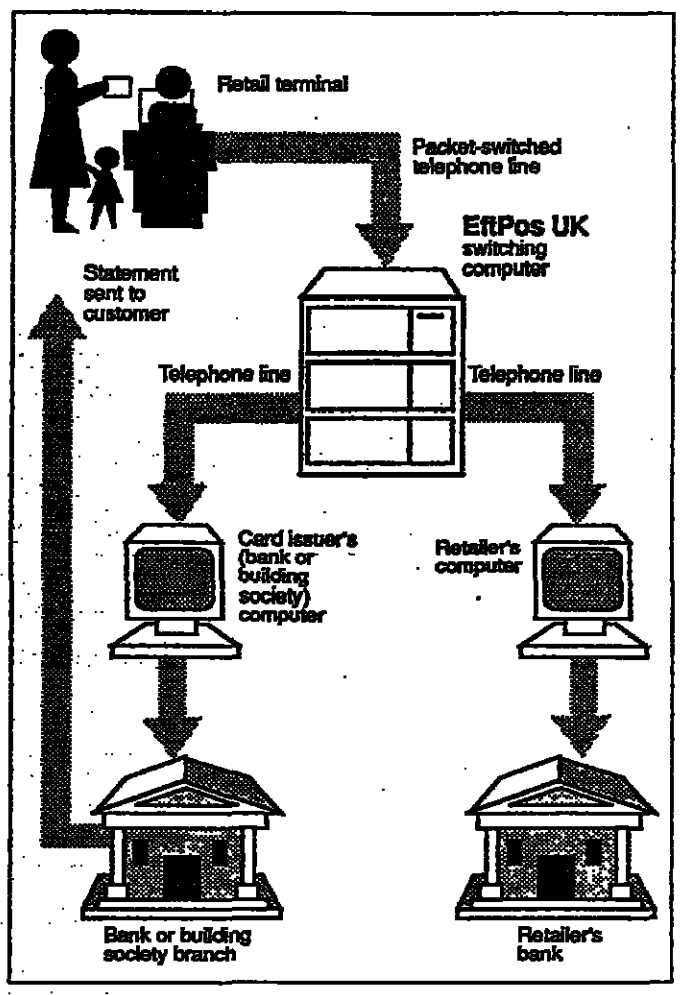
That could be implemented in a number of ways. First, the bank could have its own computer centre to process the transactions. After a card was swiped through the retailer's terminal the information would be transmitted to the EftPos UK switching centre, which would then send it to the Clydesdale Bank processing centre for authorisation. The bank would then carry out the credit and debit procedures.

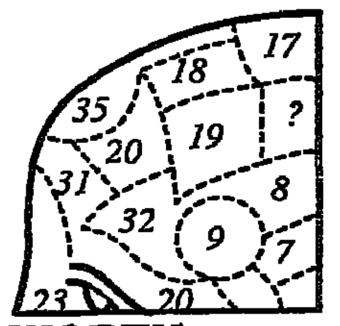
Second, the bank could opt to use a processing centre belonging to EftPos UK, or use a third party to run the processing centre. A combination of solutions could also be implemented, says Reed.

Other banks are much more cautious in discussing their plans. A crucial factor will be how successful their own Eftpos services are. The Switch service received a boost last week when the Bank of Scotland announced that it would join in.

Switch is an off-line service and, therefore, cheaper to operate than that of EftPos UK. It is also proving popular; Sainsbury reports that in some of its stores up to 10 per cent of takings are through Switch transactions. There are now about 1m Lloyds Bank payment cards in circulation and 2m Barclay's Connect cards. Connect, launched two years ago, was the first Eftpos to operate in the UK.

In spite of retailers' reservations about the inaugural system, Leadill believes that the long-term future of the EftPos UK service, as the national standard for cashless shopping, is secure. "Everybody really supports the concept of a national Eftpos scheme. That's no more than saying you support progress."





WORTH WATCHING

Edited by Geoffrey Charlish

Audio-visual links with experts

THE INCREASING complexity of technology based products, from motor cars to microcomputers, has made it more difficult to train and recruit service engineers.

In Finland, Rotator Oy, a manufacturer of excavators and trucks, has tackled the problem by setting up a central service centre. The centre is manned by experts who are in audio and visual communication with service depots throughout the country.

The system is based on a videophone system which is being built by the Finnish company Vistacom Industries. It will soon link three provincial areas to the capital, involving distances of up to 300 miles, using existing telephone lines.

Repair men at the remote depots can send television pictures or diagrams of faulty parts and conduct a conversation with the experts at the centre. Having diagnosed the problem, the experts can send back comprehensive audio-visual information to the depot.

Rotator's aim is to create a fast and flexible field organisation. By avoiding the need to employ experts at each site, maintenance costs will drop.

Plugging into phone versatility

AN IBM or compatible personal computer can increase the versatility of an office telephone through a plug-in board and software.

Devised by Talking Technology of Oakland, California, the system – called Bigmouth – is available in the UK from Staris of Verwood, Dorset, which is seeking approval for connection to British Telecom lines. Multi-frequency key-pad phones must be used.

Bigmouth offers computer-managed recording and routing of voice messages, using compressed digital recording on the PC's hard disk. For example, the system can act as a conventional telephone answering machine so that callers can hear, and leave, a message, or be diverted to another number.

Voice mail is also available. Hundreds of company users of Bigmouth can have a "mail box" in which an incoming caller can leave a message. Box-holders can hear their messages by keying the box number from any phone.

The system can also be used as a company switchboard. The incoming caller hears a list of department names and phone numbers and can then key in the appropriate number.

Similarly, a "telemarketing" facility can be provided. The caller could, for example, place an order for goods having answered some standard questions, responding by pressing the keys to provide product type number and the number of items needed.

Bigmouth will also act as a security system. When, say, a window security switch is activated by a forced entry, this will trigger the system to dial various security phone numbers and deliver an alarm message.

An alternative to disks

TOSHIBA, the Japanese electronics group, has developed an improved semiconductor cell structure for Eeprom (electrically erasable and programmable read-only memory). The aim is for this kind of solid state memory to replace floppy and hard disk devices in personal computers.

One advantage of Eeprom is that it retains stored data when the power supply is removed. Also it can be read and written entirely by electrical processes in the same way as a disk.

Although the random access memory already used for "house keeping" storage in computers is electrically written and read, these devices lose their data without a power supply, so that removal from the machine (as with a disk) is impossible without battery back-up.

The company believes such semiconductor bulk storage will prove attractive if it is compact and cheap enough. There are no moving parts and the access time to a piece of data is one thousandth that of a floppy disk.

Toshiba's achievement is to cut the number of "select" transistors needed to access the "store" transistors. It has made two select devices control eight storage cells in order to store one bit in each cell.

This space saving has led to a packaged chip of nominal size that holds 4m bits of information. No production plans for the chip are revealed.

When is a Van not a van?

EXECUTIVES who need to know that a Van is not necessarily something with four wheels, or that protocol has little to do with international politics, should benefit from reading a book called Computer Jargon Explained. Computer jargon irritates professionals inside and outside the industry and Nick Enticknap's book is a helpful, if limited, aid.

The 172-page book, from Reed Business Publishing, is not a comprehensive data processing dictionary. Instead, it focuses on 68 important and commonly used terms and ideas, and provides some explanations.

One appendix lists many abbreviations and acronyms and another covers official and industrial organisations. The price is £9.95.

A film to protect the flimsy

LIQUID Tarpaulin, a product developed in Sweden to seal materials which generate dust during storage, is available in the UK from IMCA Marine and Industrial of London.

Sprayed on to flimsy or fine-grained materials, it forms a gel reinforced by fibres. This dries into a strong, water-resistant film which will not dissolve.

CONTACTS: Vistacom: Finland, 0 802 5011. Staris: UK, 0202 813141. Toshiba: Japan, 3 457 2104. Reed Business Publishing: London, 661 3500. IMCA Marine and Industrial: London, 730 3575.

Breaking into new markets

Nissan and Toyota accelerate into the luxury class

Kevin Done concludes his series with a report on the Japanese giants' latest US assault

When it comes to marketing hype the motor industry knows few competitors. Now Toyota and, in particular, Nissan have surpassed themselves as they prepare to storm the last bastion of the world motor industry left unconquered by the Japanese – the rarefied market for high performance luxury cars.

How do you launch a new luxury car from scratch on the world market when you lack all the accumulated heritage and prestige that mark out names such as Mercedes-Benz, Jaguar, BMW or Porsche.

You have no tradition in this hallowed segment of the market, and the image you have is still chiefly associated with economy, reliability, and value for money. Useful attributes if you are selling volume cars to the masses, but hardly assets when you are seeking to penetrate the upper reaches of the world car market.

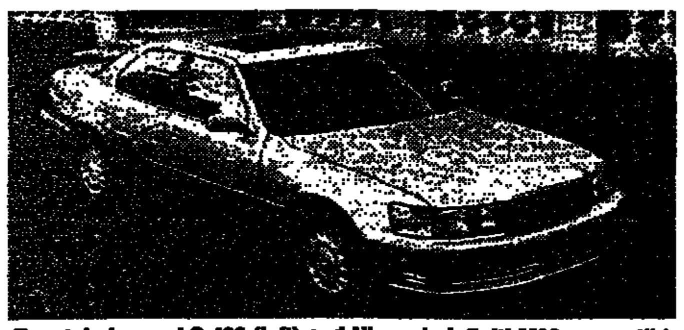
In the autumn, within weeks of each other, Toyota and Nissan, Japan's two biggest car makers, will begin to discover whether they have the answer; they will be launching luxury car ranges designed for the first time to allow the Japanese to compete in a segment of the world car market hitherto the exclusive preserve of a select band of European car makers.

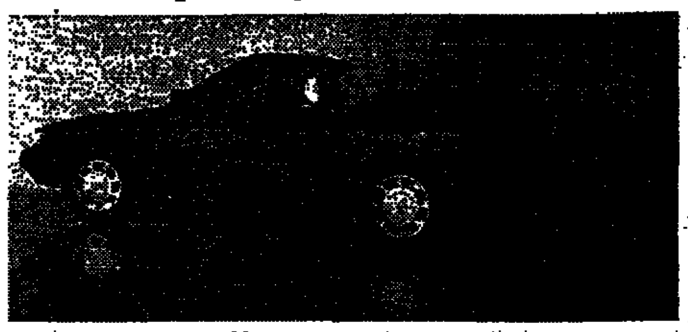
Both have opted to establish quite separate franchises in the elusive search for exclusivity – Toyota choosing the name Lexus and Nissan, Infiniti – following the lead taken by Honda a couple of years ago with the launch of its Acura luxury car franchise in the US.

Little has been left to chance in these billion dollar projects which began development more than five years ago. The US, where Lexus and Infiniti will be launched, is the world's biggest luxury car market. Takashi Oka, Nissan's lead designer for the Infiniti project, spent months living with a US family "to understand better the way Americans think and feel about their cars."

The flagship of the Lexus range began to take shape in the summer of 1985 when the first Toyota design team went to the US and spent three months in the affluent Laguna Beach area of southern California studying the luxury car market. The first artist renderings and clay models were completed during this initial trip.

Back in Japan Toyota set up 24 engineering teams under Shiro Sasaki, a Toyota executive vice president, with nearly 4,000 engineers and technicians with the brief of creating "the finest luxury sedan in the world."





Toyota's Lexus LS 400 (left) and Nissan's Infiniti M30 convertible – both aimed at the US

Inevitably the products of their European competitors were minutely dissected. Each of the Toyota teams targeted the very best car in their specific engineering discipline and then set out to beat it from engine performance, to suspension technology, noise, vibration and harshness (NVH), ergonomics, safety, even audio systems.

It is perhaps hardly surprising that the Lexus LS 400 flagship has more than a hint of the Mercedes-Benz S-Class, while the Infiniti Q45 bears a passing resemblance to BMW's 7 Series.

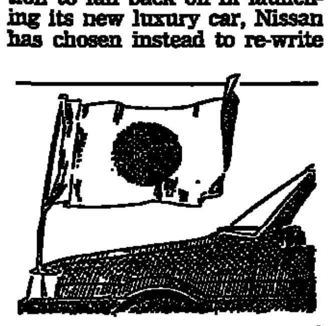
The styling solutions of the Lexus and Infiniti products certainly diverge but both have chosen to develop all-aluminium, 32-valve four cam engines. Nissan has gone for more power and performance, however, with a 4.5 litre engine producing more than 270 horsepower and a top speed of 144 mph, compared with the 4.0 litres and 250 horsepower of the Toyota unit.

With the products almost ready for launch in the market – the Lexus range goes on sale in the US in September to be followed by Infiniti in November – the marketing hype is ready to begin.

Bill Bruce, vice president and general manager of Nissan's Infiniti division in the US, maintains that the Infiniti "represents a whole new way of thinking about building and selling luxury cars."

"Our target market – 35- to 54-year-olds – is made up of sophisticated individuals who do not accept life at face value. These are men and women who have earned their money, who have worked hard for their success, who are demanding of the products and services they purchase.

Without any history or tradition to fall back on in launching its new luxury car, Nissan has chosen instead to re-write the jargon for describing the products, reaching new heights of hyperbole along the way.



JAPAN AND THE WORLD CAR MARKET

According to Peter Harris, corporate product development manager for Nissan Motor Corporation in the US: "Unlike a raw sports car, the Q45 does not intend to create excitement with the tension between man and machine, but instead invoke pleasure in the unification of man and machine."

Nissan has developed the extraordinary concept of what it calls "unified tactile sense". "We unified the concept of the 'ideal feel' before unifying the feeling of all touchable parts," Harris explained to a somewhat disbelieving press corps earlier this year. "This unified tactile sense has never been seen before in the luxury cars of Europe or America."

What he was referring to rather more mundanely was that the Infiniti Q45 would have a leather steering wheel and matching leather gear stick and that Nissan had chosen metal rather than plastic door handles.

If Lexus and Infiniti are to succeed much will depend on creating the appropriate sales environment and both Toyota and Nissan have chosen to establish exclusive dealer networks dedicated solely to the Lexus and Infiniti ranges.

Toyota aims to have around 100 Lexus dealers established by September, each having committed $3-5m to the franchise, while Nissan is aiming to have around 65 dealers by November with the aim of expanding to about 165 within 5 years.

The two companies are going to extraordinary lengths to prepare their dealer networks. Nissan has built a $5m Infiniti national training centre at Scottsdale, Arizona, with a replica of a fully operational Infiniti dealership.

Beginning in August key individuals from each Infiniti dealership will attend classes at the training centre with the aim of ensuring a uniform approach to customer service and dealer sales across the country.

All the dealerships must conform to the same basic design laid down by Toyota and Nissan. "We want to implement new ways of doing business with the upscale customer. No automobile manufacturer has been able to do this on a consistent nationwide basis. We aim to change that.

"We have studied corporations which have been successful in achieving this goal in other industries and are applying some of their approaches to Infiniti. These corporations, such as Nordstrom's and McDonald's, have created a consistently high level of customer satisfaction throughout their retail operations."

Toyota's Lexus division claims that it will be the first automotive company to implement an on-line, real-time integrated satellite communications system linking its corporate headquarters and area offices with every dealer. Toyota's own design studio was involved not only in the design of the Lexus cars but also led the design of the dealerships.

It will clearly be difficult to make the dealer network profitable in the early development phase, and Nissan and Toyota are backing their flagship models with additions to the Infiniti and Lexus ranges. Infiniti is also launching the M30 two-door sports coupé, a luxury convertible, and a year after the launch a smaller high performance sports sedan.

The Japanese push into luxury cars is the result of fundamental factors. Most important, the Japanese expect the overall luxury car market to grow as the post-Second World War baby-boomers move into their prime earning years. They hope that many baby-boomers who bought smaller Nissans, Toyotas and Hondas will now buy their luxury cars as they reach affluent middle age.

Toyota is looking for a median age of 43 and a median income of $100,000 a year for buyers of its LS400 flagship model.

"The sheer number of buyers in the 35-65 age group will increase from the current 78m to more than 94m, a 21 per cent increase, in five years," says the company. "The number of households with annual incomes over $50,000 will increase from 10m to 19m over the next five years."

Toyota is confident that the overall luxury car market in the US will grow strongly despite setbacks in the last two years, from about 965,000 at present to 1.08m in 1990 and to more than 1.4m by 1995. Nissan is still coy about its sales forecasts for Infiniti, but Toyota says that it hopes to sell 16,000 Lexus cars in the last four months of 1989 and 75,000 cars in its first full year on the market. "Down the road we see the potential for 125,000 to 150,000 sales," says the company.

Behind the hype, if all else fails Toyota and Nissan will be selling on price, as in all other car market sectors before. Both manufacturers are pitching their luxury cars firmly in the $20,000-$40,000 market with Toyota suggesting a price of around $35,000 for its top of the range Lexus LS400.

At those kinds of price they will be undercutting the likes of BMW, Mercedes-Benz and Jaguar by $10,000-$30,000 a car. At the same time the Europeans have played right into the hands of Toyota and Nissan. As the value of the dollar plunged in recent years the European luxury car makers raised their prices sharply to compensate for the sudden loss of dollar revenues. Their prices have soared opening up a yawning gap between the $20,000-$30,000 charged by the US car makers for their top of the range Cadillac and Lincoln luxury cars and the $40,000-$70,000 demanded by the Europeans.

"Thanks to currency-related price hikes combined with BMW's and Mercedes' latest strategy to move their products even further upscale, there's an opportunity that did not exist even a year ago in that mid-priced luxury market," says Jim Perkins, until recently senior vice president of the Lexus division.

Previous articles appeared on May 12, 15 and 17.

Nielsen washes the facts right out of its hair

Philip Rawstorne on the toiletries market

Have you got a cold . . . a cough . . . a hangover? – and what are you taking to cure it?

What sort of shampoo did you use to wash your hair today – herbal . . . fruity . . . moisturising . . . was it for normal . . . greasy . . . dry hair?

Every week of the year, except Christmas, Nielsen Marketing Research is now asking thousands of British consumers such questions and adding the answers it gets to data from its regular audit of retail stocks and sales.

The result, claims David Charlton-Jones, commercial director, is the first integrated market information service for fast moving consumer goods in Great Britain; providing a complete picture of the health and beauty sector for both manufacturers and retailers.

"By using retail and consumer information together," says Charlton-Jones, "we are measuring the total market and providing a full analysis of all the factors which have an impact on sales."

The health and beauty marketplace is becoming increasingly complex and fragmented. "Fifty years ago, if you wanted to wash your hair you would probably have bought a family or medicated shampoo at a local chemist, which held over 80 per cent of all shampoo sales," says Charlton-Jones. "Now the choice is immense."

Though much of the trade continues through independent chemists, the past decade has seen a rapid expansion of drugstores and multiple chemist groups.

Within the shop, manufacturers face further problems. "Space management has turned the store selling area into a battleground where the right to a prominent position has to be earned by high sales."

Nielsen's retail audit has enabled manufacturers and retailers to monitor this dynamic market accurately. Not only does it measure sales of a wide range of products in grocers, pharmacies and drugstores, it reports on their display, shelf space and selling price.

This service will now be complemented by consumer research reports, identifying exactly who is buying and using which products and why.

In the medicines market, Nielsen's continuous survey of consumer attitudes and behaviour towards the treatment of minor ailments, such as influenza, has established an increasing trend towards self-medication and natural remedies.

Alongside this data, the incidence of consumers taking vitamins and dietary supplements is being monitored.

"Access to such data enables clients to relate consumer trends to retail trends and so quickly adjust to changes in the market," Charlton-Jones explains.

An understanding of consumer buying habits, he adds, is of vital importance in new product launches, advertising targeting, and positioning and building brands.

Nielsen's research shows, for instance, that consumers tend to have a "repertoire" of four or five brands of shampoo. "But it suggests, too, that consumers are moving away from premium-priced shampoos. Whereas, before 1984, the premium end of the market was quite a distinct sector in its own right, more recently different groups of consumers have been seeking specific product values – suitability for frequent washing, for example – and then opting for the best price available in that niche."

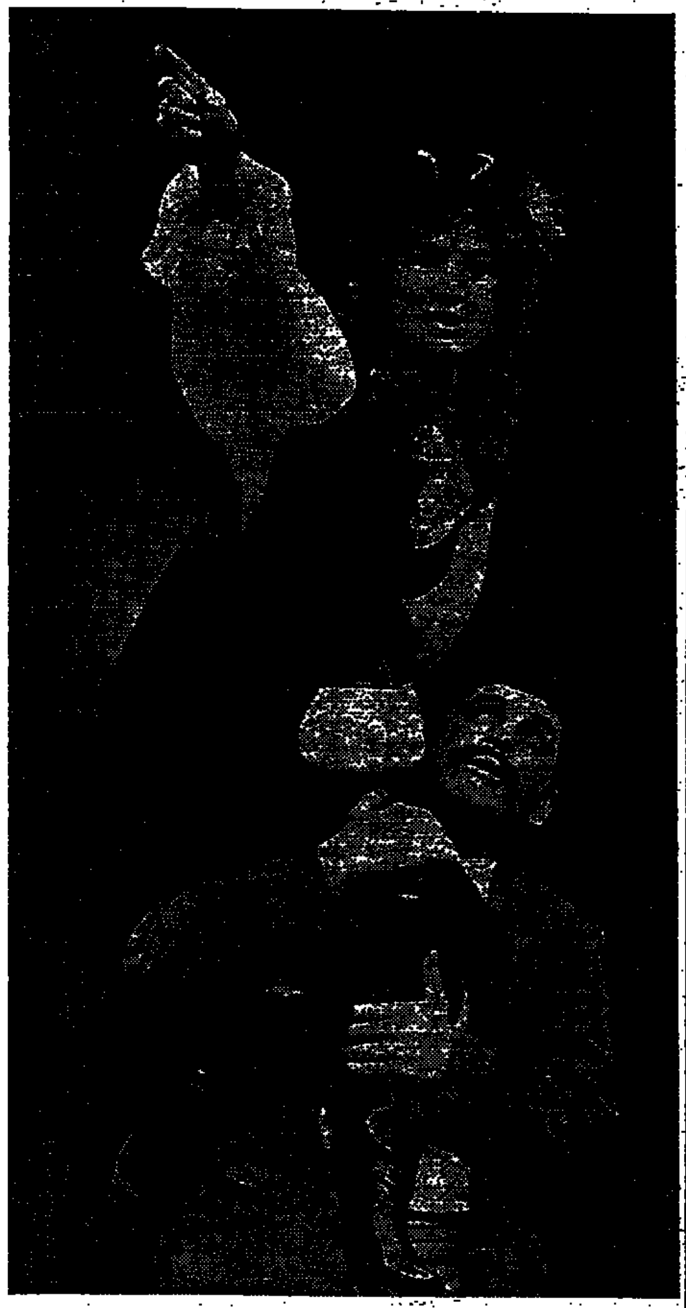
In the toiletries market, Nielsen is also tracking the emergence of what has been dubbed "the New Man".

Men now account for 37 per cent of total usage of toiletries and 32 per cent of hair gel.

New product launches into the young male market – the 16-34 age group – are on the increase. There are cleansing products (shaving gels and foams, shampoos), grooming products (deodorants and talcs), hair care products (gels, mousses and fixing sprays) and finishing products.

"If our 'New Man' does not emerge through that lot then nothing will bring him out," says Charlton-Jones.

ARTS



Nineli Chankvetadze and Temur Gualia

Alastair Muir

Don Juan

ALMEIDA THEATRE

The Islington powerhouse once reproved for not being multi-racial enough by petty local bureaucrats, who confuse international borders with demarcation squabbles over who makes the tea, is warming up for next month's music festival with its plethora of new Soviet work and first-time Russian visitors. To oil the wheels the Georgian Film Actors' Studio is here until May 27 with its production of Molière's *Don Juan*.

Those of my musical colleagues who deride surtitles in opera will be gratified to know that the Georgian company feels the same. The explanatory English slides that accompanied the stage action at Edinburgh, where it was originally reviewed in these pages, have been banished as "too distracting" by the performers who maintain the production "stands up without translation."

Stands up, possibly; capers, leaps and pirouettes certainly. Michail Tumanishvili's production is a whimsical bagatelle, complete with a frumpish female prompter in modern dress who waves red-gloved hands to signify fire, and in turn has to be helped to find the place by an actor who takes a crafty puff of her fag.

The director's programme note describes the production as the rehearsal for some future performance, a discussion plus a game. The emphasis is on the argument between master and man on the nature of life.

This may well stand up for all I know but my Georgian flagged. The cast is ingratiating enough: Zurab Kipshidze's Don has a delicately fastidious primness to him that oddly recalls such great silent screen comics as Chaplin and Keaton; Amiran Amiranashvili makes a spaniel-eyed put-upon Sganarelle; and Nineli Chankvetadze's Elvira cuts a dashing principal boy figure when first glimpsed in top-boots brandishing a riding-crop — a perfect Dick Whittington.

The production, I assume, works well according to its lay, humanist and debunking point of view. The fact remains that without the ability to follow the dialogue the spectator gets only — to put it generously — half the play.

Martin Hoyle

British ballerina to dance with the Kirov

London Festival Ballet's Susan Hogard and its artistic director Peter Schaufuss have received an invitation to dance *Swan Lake* with the Kirov Ballet in Russia. They will take the roles of Odette/Odile and Prince Siegfried respectively in the Kirov's production on May 27. Schaufuss will then dance Albrecht in *Giselle* with Altynai Assylmuratova on May 30.

Susan Hogard will the first British ballerina to dance with the Kirov in Leningrad for 30 years.

CINEMA

Paean to companionable camp

TORCH SONG TRILOGY (15)
Cannons West End, Screen on the Hill

AMOROSA (15)
Curzon Phoenix

HOTEL DU PARADIS (15)
Renoir

OUT OF THE DARK (18)
Screen on Baker Street

When Harvey Fierstein set out to make the lives of homosexuals more comprehensible to the rest of the world in *Torch Song Trilogy*, he chose the most difficult way to do it. If his hero, Arnold, had been a banker or a salesman, his problems would have been more immediately accessible. Arnold is a female impersonator, the Torch Song singer of the title, inhabiting a world of smart talking, companionable camp; in a reversal of the traditional gay dilemma, his reserve and sensitivity are part of a more secret life.

Written in the late 1970s, before AIDS and the repression of the Reagan era had had a chance to bite, Fierstein has wisely chosen not to update his successful stage show for the screen — Arnold's personal problems are already complex enough, and he shows little interest in politicising them. His obsession is with respect. He wants it. All his life, Arnold (played by Fierstein) has been as honest as he can with his family, though it is clear that his mother (Anne Bancroft) would have preferred it if he had lied. All the same, Arnold finds himself condoning the deceits of a bisexual lover, who finally deserts him for a woman; but he is rewarded with a less compromising happiness with a younger man, Alan (Matthew Broderick).

There is no sense of a play artificially opened up for the cinema here, the locations seem so vital that you wonder instead how the action was ever confined to a stage. The fresh air certainly helps director Paul Bogart to keep control of the potentially overwhelming combination of Jewish and camp humour, and the result is hugely sympathetic and enjoyable.

If the story has a fault, it is that it is based on the depressing premise that all heterosexuals underestimate the needs and virtues of all homosexuals. If there were not sufficient truth in that attitude, *Torch Song Trilogy* may never have been written. Nevertheless, it does raise the question of whether Arnold's view of how the world, represented by the mother whose approval he craves, sees him is not just a reflection of how he undermines himself.

Though the narrative is wrapped up in a flurry of camp jokes and situations — Arnold sorting out a fight at the club where he is singing, or acting the irate Jewish mother with his adopted son — by the end he is almost able to break the circularity of this situation without resorting to tart wisecracks and his mother is almost ready to take it. Accused of treating all his emotions as superficial and somehow inferior to hers, she retorts: "You cheated me out of your life and then blamed me for not being there." Maybe Mother does know best.

The oppression of family life is the driving force of writer/director Mai Zetterling's very different film, *Amorosa* (subtitled), an account of the life of Swedish writer, Agnes von Krusenstjerna. The product of an aristocratic family, Agnes (Stina Ekblad) scandalises them by rejecting the husband they choose for her and marrying a man they consider a pervert.

Though the film's main concern is with Agnes's rebellion against what is expected of her, it is impossible to appreciate it fully without a knowledge of her work, published in the 1920s and 1930s. It is suggested that her novels were outrageous and challenging, that they estranged her from her family, and that the writing of them literally drove her mad. *Amorosa* is beautifully made, with a fine sense of period and place, but the subject is obscure and, as far as many British audiences are concerned, it will have lost its centre and become merely esoteric.

Though *Hotel du Paradis* (also subtitled) is easier to penetrate, it is considerably less enjoyable. Writer and director Jana Bokova has had a distinguished career as a maker of television documentaries (most notably, *Sunset People* and *Tales from Barcelona*) but the powers of observation and rapport with her subject, which contributed to her success in that medium, have deserted her just when she needed them most.

The title refers to a cheap hotel, which attracts a group of displaced people: a has-been actor (Fernando Rey), a girl hiding from her lover, a bankrupt theatre-owner, all claiming to be looking for a fresh start but all content to let life pass them by. Their lives are as aimless as the film. Never entertaining or stimulating, the only time it comes to life is in an uncharacteristically animated scene, when Rey meets a third-rate film-producer who raves on about bad-taste projects, such as Holocaust II. Oddly, it is this scene that gives the greatest sense of what Bokova might achieve if she applied herself to more structured narratives until she was ready to address her own introspections without losing herself and her audience.

Harriet Leider and Harvey Fierstein in "Torch Song Trilogy"

Whatever the success of these three films, there is no denying the care and integrity that has gone into their making. With *Out of the Dark*, we are back with a particularly violent and seedy example of hack film-making. A serial killer is attacking girls who all work for the same telephone-sex operation run by Karen Black. Though the police are on the murderer's trail, there is no suspense in their pursuit, since he does everything except wear a label round his neck marked Killer. The involvement of Paul Bartel (*Eating Raoul*) had encouraged me to expect something offbeat and funny. Unfortunately, I was completely wrong.

Ann Totterdell

A strong contemporary Fidelio in Geneva

The chief problem facing the modern stage director in *Fidelio* is how to clothe the opera in fresh, up-to-date visual images, taking it beyond the well-worn associations of 20th century Fascism, without compromising the universality of its message or dissolving into banality. Johannes Schaaf addresses the problem with considerable success in his new staging at the Grand Theatre, Geneva.

The action is given a strong contemporary flavour, with a visual atmosphere that could be southern Spain, but is never too specific. By contrasting the bourgeois priorities of the domestic drama with the brutality of a prison camp, the production provides intelligent insights into the nature of tyranny in the modern world. There are remarkably few examples of extraneous detail, though the production is by no means entirely self-explanatory. There is a vivid use of silence. Throughout the evening, we are never allowed to forget that these are real characters, real situations, demanding serious thought and posing timeless moral questions. In its very concentration on such an unvarnished picture of the world in which we live, the production enhances the power of the music, its depth of feeling and message of hope. This is a rare achievement.

Peter Pabst's set — using the whole width and depth of the stage of the Grand Theatre — is a parched area of rock and sand, separated from the sparsely-vegetated background landscape by a screen of steel-mesh security gates. The curtain opens on Marzelline relaxing in a bikini, under the glare of the Mediterranean sun and the lustful gaze of two soldiers with guard dogs. The quartet is sung as the Rocco entourage gathers under an awning for tea.

At the same time, a steady trickle of prison visitors is seen in the background approaching the prison gate, only to be ignored or physically abused. After summoning the prisoners from their cells with a rude blast on his whistle, Jaquino stands in the shade casually smoking a cigarette, while the prisoners scurry or collapse into line, shaven-headed, stripped of all sense of personal worth, even having to hold their trousers up by hand. It is a graphic and most affecting picture of how humanity can be degraded yet remain noble in spirit. When Pizarro orders that the prisoners be returned to the cells at the end of the first act, they are clubbed to the ground by the guards.

Schaaf uses this stark juxtaposition of tyranny and domestic comfort to heighten the sense of oppressor and oppressed. None of the characters fits a stereotype. Only in the finale — with the stage transformed into a bed of roses to symbolise Leonore's act of liberation — does the effect seem more conventional.

Jeffrey Tate's conducting showed that he, just as much as Schaaf, had thought through this operatic masterpiece afresh. The orchestral performance showed the same sense of proportion and meticulous attention to detail as the staging. It was a rapt reading of extraordinary sensitivity, free of bombast, with all sections of the Suisse Romande Orchestra offering contributions of unusual discipline and refinement. Some will have missed the music's heroic scale and dramatic sweep. But Tate's chamber orchestra approach enables the singers to deliver their parts evenly and lyrically. Geneva seems regularly to bring out the best in Tate's theatre work.

Elizabeth Connell's Leonore, in slick-backed wig and loose black coat, lived the part with conviction and subtlety, her voice bearing the edge of a dramatic soprano but with the technical control and clean articulation of a Mozart specialist. One would have to wait a long time to come across the role sung or acted so sympathetically. Thomas Moser's Florestan, his head barely appearing out of a submerged body-clamp during the aria, sang with warmth and delicacy. Hans Tschammer was the excellent Rocco, Wolfgang Schöne the strongly-characterised Governor. Stella Kleindienst was a sexy, stylish Marzelline, matched by the unusually strong presence of Stefan Kahlberg's Jaquino. Only Siegmund Nimsgern's Pizarro, a cross between a Spanish grandee and a westernised Arab, did not seem entirely comfortable. The Geneva chorus continues its improvement under Jean Laforge. The whole occasion added up to something original and exciting.

Andrew Clark

Alastair Muir

Gary McDonald, Juanita Waterman, Teohna Williams and Ben Thomas

The Importance of Being Earnest

BLOOMSBURY THEATRE

There is something oddly disarming about seeing the new black theatre establishment investing time, talent and energy in a play that is so much part of a white theatre tradition, without any perceivable intention to subvert or reinterpret it. The occasional amusing dissonances — such as a Canon Chasuble whose soaring intonation is more bible-belt evangelical than home counties Anglican — are overwhelmed by the faithfulness of Yvonne Brewster's production to a text that must be one of the most familiar in the English language.

There are a scattering of lines that have never seemed quite the same before (Cecily's mock-ingenuous "I hope your hair curls naturally" a case in point), but it is to the best-known exclamations that one looks for the production's pulse, and Mona Hammond's Lady Bracknell, at least, could hold her head up in the very best of company. She craftily throws away the Edith Evans "handbag" to make space for a "Victoria Station" that booms like the London to Brighton express on a foggy night. Dressed up like an ancient Victorian doll, she could teach some of the younger actors a thing or three about comedy of manners. Juanita Waterman's first impact as a great galleon of womanhood in gaudy pink silk, who sails up to the admiring Jack with the assurance "I intend to develop in many directions", disperses with her dogged adherence to the same tempo throughout; Teohna Williams, a confection of white lace and pink roses, has an arch finesse as Cecily, while Leonie Forbes's Prism is more maternal than old maidish, which takes something from the rapture of her reunion with her handbag.

Of the men, Ben Thomas's Algernon stands out as a moustachio'd rake whose muffin-gobbling fracas with Gary McDonald's stolid Jack sends the production into farcical mode. The physical comedy of the final scenes flamboyantly and refreshingly liberates both the actors and the show from the unacknowledged weight of expectation. Yet the casting, in this lushly designed collaboration between Talawa and Tyne Theatre Company, of performers with their own followings from film and television, makes it likely that a proportion of the audience will never have heard of Oscar Wilde: it is all too easy for an old lag to underestimate the delight of making his acquaintance.

Claire Armitstead

ARTS GUIDE

May 12-18

EXHIBITIONS

London

The Tate Gallery. Cecil Collins and F.E.McWilliam — retrospective shows side by side of two senior British artists: Collins a highly idiosyncratic visionary and symbolist painter with a particular interest in the idea of The Vision of The Fool, on which he has also written extensively; McWilliam an early follower of Moore, but one whose no less idiosyncratic surrealist vision has led to the achievement of the most particular and varied oeuvres in modern British sculpture: both shows until July 19; McWilliam sponsored by Ulster TV.
The Royal Academy. The Royal Treasures of Sweden 1550-1700. An exhibition that sounds somewhat dry and daunting but is in fact a wonderful spread of riches, beautifully presented, trophies drawn from across the whole of Europe in the time of Sweden's abrubt emergence as a European power. Arms and armour, gold and silver; but most delightful, perhaps are the fabrics, most of all the complete and heavily brocaded caparisons that might be taken straight from the great equestrian state portraits of Velasquez. Daily until June 18: sponsored by Gamlestaden.

Paris

Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Closed Tue. Late opening night Wed. Ends June 26 (42895410).
The Louvre. Les donateurs du Louvre. Aptly, the newly refurbished museum inaugurates the 1,200 square metres of space created underground for temporary exhibitions by expressing gratitude for the generosity of donors throughout its existence. What would the Louvre be without Rembrandt's Bethsabee, Goya's Marquise of Solana or without the odalisques in the Turkish Bath by Ingres? Ends August 21. Entry through the Pyramid, Hall Napoleon, Niveau Accueil.

Amsterdam

Stedelijk Museum. The first major retrospective of the work or Kasimir Malevich combines loans from leading Soviet galleries with the famous holdings of the host museum. Ends May 28.
Van Gogh Museum. Prints, drawings and gouaches illuminate the work of Gauguin's followers who banded together under the name Les Nabis. Ends May 28.
Maastricht, Bonnefanten Museum. The finest of the early Italain paintings in Dutch collections have been gathered together in a show containing works by Duccio, Guido da Siena, Filippino Lippi, Bellini and Carlo Crivelli. Ends July 9.

The Hague

Museon. The World of Anne Frank sets Anne's life in the context of her time with more than 500 photographs and a video show. Ends May 28.

Brussels

Palais des Beaux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.
De Jonckheere Gallery. Exhibition of works by Alechinsky, Brueghel, Magritte and Spilliaert. Ends May 27 (512 9948).
Galerie CGER. The Heritage of the French Revolution 1794-1814. Daily, ends June 11.

Frankfurt

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York-based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour.

Berlin

Willi Baumeister (1889-1955). To commemorate the 100th anniversary of the German abstract artist's birth there are 140 works from all periods of his working life to be seen until May 28. Nationalgalerie, Potsdamer-Strasse 50.

Cologne

Bilderstreit. Rheinhallen der Kölner Messe, Messegelände. Deutz. The two organisers Johannes Gachnang and Siegfried Gohr, present "contradictions and contrasts as the essential source for the debate about contemporary art". This exhibition is in contrast to avantgarde: it explains areas of action and attempts to provide an unprejudiced outlook on the current art scene. Approximately 1,000 works by 130 artists concentrate on art since 1960. The show should give a detailed view of different art styles, with "old classics" of modern art next to works by contemporary artists. Among them are Gilbert and George, Kasimir Malewitsch, Edvard Munch, and Markus Luepertz. There are also works from William Copley's collection by Man Ray, Max Ernst and Rene Magritte. Ends July 2.

Vienna

The Benedictine Monastery in Melk, an hour's drive from Vienna, celebrates its 900th anniversary. Besides a fascinating collection of paintings, books and later, newspaper cuttings, the Abbey boasts the finest baroque architecture in this part of Europe. Until November 15.
The Kunstforum, a new art gallery run by the state-run Landerbank, makes its debut with the Leopold collection, a Viennese who bought several paintings by Egon Schiele, one of the leading lights of Vienna's fin-de-siècle, for next to nothing in the 1950s. There are some wonderful Klimt sketches and Kokoschkas. Well worth catching. Ends June.

Rome

Accademia di Spagna. The Mirós of Miró: More than 100 works by Joan Miró, including ceramics, drawings and watercolours and oils, which had been kept in the artist's studio in Majorca until his death in 1983. Until June 4.
Galleria Nazionale d'Arte Moderna. The Sonnabend Collection contains a little of everything, from pop-art with some of the best-known works of Warhol, Lichtenstein, Jim Dine, followed by examples of American minimal art (Flavin, Judd, Morris), to conceptual art and *Arte povera*, with works by Gilbert and George, Merz, Pistoletto and Kounellis, ending with some curious examples of German neo-expressionism. Ends Oct 2.

Venice

Museo Correr. French impressionists from the Mellon collection at the National Gallery of Art in Washington: more than 40 works, among which are delights such as Courbet's seascapes, Seurat's La grande Jatte, and Renoir's Madame Monet and Son (ends Sept 4).
Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Palazzo Grassi, Pontus Hulten. An attempt is made to put the works into a clear political and social context, emphasising links with contemporary literature, music and cinema. The exhibition ends with two blown-up stills from films by Visconti and Rossellini. Ends Nov.

New York

Whitney Museum. The 65th in the long series of Annuals and Bienniales features a large group of lesser-known artists among the 80 represented on three floors of galleries. Ends July 9.
Metropolitan Museum of Art. Goya and the Spirit of Enlightenment explores 160 of the artist's works in relation to his impact on contemporaries and the rationalist modernisation of Spain. Ends July 16.

Washington

National Gallery. More than 160 objects from the Fitzwilliam Museum in Cambridge include paintings by Titian, Guercino, Rubens, Van Dyck and William Blake. In addition illuminated manuscripts, ceramics and bronzes show off a collection that is considered "perhaps Britain's pre-eminent museum." Ends June 18.

Tokyo

Idemitsu Museum. Ceramics from China. Splendid loan exhibition from the Art Institute of Chicago featuring carved ornaments, ceramic water pots and incense burners, and ranging from the neolithic period to the Qing Dynasty. Refreshments are available and there is a fine view of the imperial palace moat. Closed Mondays.
National Museum. Screen Paintings of the Muromachi Period (1334-1573). The Muromachi Period corresponds to the Renaissance in Europe and much of its art was produced under the influence of Zen Buddhism and of Chinese ink painting of the Sung and Yuan dynasties. Landscape, birds and flowers are among the favourite subjects and this exhibition includes works by such masters of the genre as Sesshu and Kano Motonobu. Closed Mondays.

Schumann and Mendelssohn

WIGMORE HALL

There were some wonderfully impassioned, full-blooded performances in Tuesday's instalment of the "Schumann and his Circle" series. Its artistic director, Steven Isserlis, was taking part, along with the violinist Daniel Phillips and the pianist András Schiff; the programme was equally divided between Schumann and the most significant composer who could be called part of any such "circle," Mendelssohn; and the spirit of genuine chamber music was proudly flourished.

Mendelssohn, in truth, enjoyed the more straightforward successes of the evening. The second of his two cello sonatas, in D, Op.58, is indeed Mendelssohn at his most exhilarating, a typically well-made, well-balanced work which is also buoyant in its sonorities, beautifully tuneful, and irresistible in the momentum of its last-movement climax. The Isserlis-Schiff partnership made of it something quite magically fresh: both artists have the gift of filling the humblest phrase with light and air, and their ability to pick up and respond to each others' impulses and nuances left an impression of radiant spontaneity. On his own, and with the peculiar sound-qualities of a Boesendorfer piano to add to our delight, Mr Schiff brought the same spirit to four of Mendelssohn's *Songs without Words*.

The Schumann works on offer — the third Violin Sonata, Op.posth., and the D minor Piano Trio, Op.63 — seemed to aim at more complex, deeper-striking areas of human experience: neither hits all its targets all the way through, but on this occasion both were enriched with a full measure of re-creative sympathy and sensitivity, and both were powerfully involving. In the A minor violin sonata the third movement, the quintessentially tender Intermezzo, was the most affecting passage: here Mr Phillips's portamento style was impeccable, his tone untroubled by the passing impurities noted earlier on.

The performance of the trio was an extraordinary feat of eloquence and tact combined — it's a difficult work to keep in balance all the way through, but these players controlled its swirl of moods dark, unruly, and desolate with absolute sureness of aim. Altogether, this was a concert out of the ordinary: music performed with love, conviction, and missionary enthusiasm is a phenomenon all too rare in London.

Max Loppert

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Germany and its partners

THROUGHOUT much of the post-Second World War era the *attitude of other industrial* countries to the economic policies of West Germany has been a mixture of irritation and admiration. The irritation has been a response to what was long seen as the country's inflexible adherence to unfashionable views on economic policy. The remarkable success of the economy only increased the irritation, but admiration grew as well. In time it has turned into outright imitation, notably in the UK and France.

Ironically, the natural caution of a wealthy country with an ageing population has put the Germans in the rear of the worldwide movement towards neo-liberalism. Supporters of Margaret Thatcher and Ronald Reagan have enjoyed chastising the Germans for their resistance to liberalisation in such areas as financial services and telecommunications, while gloating over the poor recent performance of the German economy.

The Germans have also been criticised for their conservative macroeconomic policies. These complaints have had a strongly Keynesian tone. In the recent past, those complaints came first and foremost from the US, where former Treasury Secretary James Baker proved the very model of a Keynesian finance minister. But they also came from the French, whose attitude tends to wobble between gratitude to the D-Mark for its role as a counter-inflationary anchor and irritation with the consequent *deflationary pressure upon* their economy.

Missing the mark

Thus the Germans find themselves on the receiving end of complaints about their insufficiently Keynesian macroeconomic policies and their inadequately market-oriented microeconomic policies. For the moment, however, both complaints appear to miss the mark. After averaging 1.9 per cent a year between 1978 and 1987, growth of gross national product has picked up remarkably, registering 3.4 per cent in 1988 and is now widely forecast to reach 3 per cent this year. Does this performance not suggest that all is well in the Federal Republic?

The expansion of the German economy has been on traditional lines and reflects the export success of German industry within a dynamic European economy. Not surprisingly, therefore, the growth is also associated with a current account surplus that, at 4 per cent of GNP, is not merely a larger ratio to GNP than that of Japan (which was down to 2.8 per cent last year), but is also much the same as in 1986.

The salient feature of this performance has been the growing bilateral surpluses within Western Europe. In 1988 the overall trade surplus of West Germany was $73bn, as against only $26bn in 1985. In the same year the surplus with the European members of the OECD was $66bn, far more than the $19bn of 1985. Meanwhile, the trade surplus with the US was only $9bn in 1988, little different from the $8bn of 1985.

Appropriate response

The macroeconomic response to the change in overall economic conditions has been a measured increase in short-term interest rates since last summer. The change has been designed to anticipate inflationary pressure, while avoiding economic disruption.

Given inflation of 3 per cent in the year to April and the weakness of the currency, this has been an appropriate response. It has been appropriate in relation not only to the domestic position, but also to pressures emerging within the EC (for which the Bundesbank is effectively the policy-making central bank) and to the goal of maintaining a degree of exchange rate stability among the three major currencies.

When monetary indicators conflicted in previous years, the Bundesbank showed considerable flexibility in its policy, a point often ignored by its critics. Now that they coincide, its task is easier and its response so far well judged.

The major policy issue that remains (apart from the extent to which further deregulation is, indeed, a condition for sustained growth of the economy) concerns the sustainability of the trade surpluses within Europe. The pattern of trade deficits and surpluses emerging in the European economy is a severe test of a fixed exchange rate regime like the EMS. Can countries with similar inflation rates and small interest rate differentials continue to generate the required long-term capital flows among themselves?

West Germany took the risk of reviving classical economic liberalism in the inauspicious environment of the 1940s and 1950s. It is now testing whether a rentier position similar to that of the UK before the First World War can be successfully repeated within the ever more integrated Western European economy of today.

Lessons of the Minorco bid

THE CIRCUMSTANCES surrounding the bid by the South African controlled investment group Minorco for Consolidated Gold Fields reflect none too well on takeover practice in Britain. The opening shots in this protracted battle were accompanied by allegations of insider dealing that led to a Department of Trade investigation. In failing to obtain shareholder approval for legal proceedings in the US which posed a threat to the Minorco offer, Gold Fields ran counter to one of the *more important principles of* the Takeover Code.

At the end of the day Minorco won support for its offer from shareholders representing some 25 per cent of the Gold Fields capital; together with its own holding of just over *30 per cent, that* accounted for well over half the outstanding capital. Yet the offer was ultimately frustrated as a result of private anti-trust proceedings brought by a Gold Fields associate in a US district court. The Takeover *Panel's inability to uphold* the principle of majority control looked, at best, a lame performance.

Contentious view

Shareholders who wished to accept the offer will no doubt feel aggrieved, not least because the American judge's view on the monopolistic implications of the bid for the gold market was highly contentious. But before allocating *blame for the unsatisfactory* outcome of Britain's biggest ever takeover offer (and one that has cost tens of millions in advisory fees) it is important to recognise that this is not a case where the extra-territorial reach of the US judiciary merits its critical comment.

More than half Consolidated Gold Fields' assets are in the United States, where it owns 49 per cent of Newmont Mining Corporation, the largest American gold producer. For its part the Luxembourg-based Minorco is an off-shoot of Mr Harry Oppenheimer's Anglo American empire. Both groups have profited from the openness of the US to foreign investors. It is thus perfectly legitimate for the US courts to play a role.

Much of the trouble has arisen precisely because national laws and codes of behaviour have been invoked to deal with a bid that has supranational implications. The Takeover Panel, for example, was able to bring pressure *to bear on* Gold Fields to drop its suit in the US courts; but it was not in a position to do the same with the American company Newmont. It also concluded that Gold Fields itself was unable to impose decisions on Newmont's management.

Legal obligations

Given the independent Newmont directors' legal obligations to the shareholding majority and their understandable concern about being "put *into play" by Minorco* when their expansion plans were only partially complete, that judgement was surely right. Yet it is all too convenient for Gold Fields, given the Panel's conclusion that its directors indicated little concern to ensure that the wishes of the majority of its shareholders were taken into account.

Perhaps the Gold Fields case, involving a 49 per cent quoted US associate, is so unusual that the precedent is less worrying than it appears at first sight. But such is the volume of British corporate activity in the US that there must be a chance that the US courts will play a frustrating role again in some future bid. The ideal solution, in an increasingly interdependent world, would be a supranational anti-trust watchdog. But in the real world investors have little option but to hope that the US judiciary will do its job with a modicum of good sense.

Colina MacDougall reports from Peking on the ominous spread of China's student protests

Something will have to give

As dusk fell in Peking yesterday, millions of tired but good-natured cyclists and marchers, on their way home after a day of spectacular political protest, rolled slowly down the six-lane highways as watching crowds roared their support.

The Chinese capital was overwhelmed by what was probably the biggest demonstration it has seen, not excluding *the huge parades of the* Cultural Revolution in the 1960s. This brought a new peak of fervour to the pro-democracy student protests which have been going on in Peking since the death of Hu Yaobang, the former party leader and *reformist, nearly five weeks* ago.

"It's quite different from the Cultural Revolution," said a young manager from a Peking trading company, sheltering from the heat under the north facade of the Great Hall of the People. *"Then, the revolution* came from the top. Now it's from the bottom."

In the last couple of days, Chinese students, at least in Peking, have increasingly shown signs of taking the country's destiny into their own hands, *looking to eject* their incompetent Communist leaders and considering what kind of political reform would be appropriate. Most of the students leading the hunger strike in Tiananmen Square, now into its fifth day, are not much over 21, but their maturity and sense of organisation is striking.

On the streets the students are in charge. Student marshals put up plastic twine to keep pedestrian traffic under control while the handful of official traffic police looks on stolidly. In the square, protective enclosures around the hunger-strikers and the medical students who provide first aid are rigorously enforced. There is no hooliganism and *practically no petty crime*, astonishing since tens of thousands of people have been living for nearly a week in what is effectively a no-go area for the usual forces of law and order.

Conspicuously, the students are running central Peking. China's leaders, trying desperately but unsuccessfully to keep the historic visit by the Soviet President, Mikhail Gorbachev, on course, look more and more helpless.

According to reports from Peking University, the crisis yesterday pushed the country's leaders to the point of seeking aid from the 38th Army (posted in the suburbs) to clear Tiananmen square. "It's not our job," came the astonishing reply.

"Even the police are ridiculous," commented a young manager from a trading company. "Look at them, lying around half asleep or playing cards." The party leaders simply do not know how to face this open challenge.

Peking students are China's brightest and best and are selected by rigorous examination. Clearly they are influenced by the role of their predecessors in the May 4 *movement of 1919*. Those predecessors protested against the carve-up of China by Western powers in in the Treaty of Versailles after the First World War and gave rise to a powerful liberal political and cultural movement which deeply influenced events in the 1920s and 1930s.

While it is too soon to predict what the ultimate outcome of the colossal demonstrations of the last 24 hours may be, the students are not bent on overthrowing the Communist system. Their aim is to boot out the leaders they despise and to instal honest and honourable replacements. They do say, though, that they wonder if there are any.

Strikingly, yesterday's protest, which choked Peking's main boulevards and all its ring roads for hours, featured vast numbers of *slogans* attacking the 84-year-old senior leader, Deng Xiaoping and the colourless Prime Minister, Li Peng. "You're too old, Xiaoping, it's time to go," said one. "Li Peng, step down!" proclaimed another.

Casual onlookers voiced previously unheard-of criticism of party leaders. "You watch," said one. "They'll bring President Gorbachev into the Great Hall through the tunnel from the party headquarters – they *always do things in the dark*."

A teacher explained: "We want our leaders to have done something to earn their top posts. What has Li Peng done? If Premier Zhou Enlai (the charismatic figure who died in 1976) were still alive, he would have come to meet us."

Multi-party politics is not the students' aim. At present they have set as their conditions for ending the confrontation a dialogue live on television with a top policy-maker, plus a retraction by the Government of its attack on the students on April 27 in the People's Daily, the official Government newspaper. That was inspired by Deng and accused the protesters of causing "turmoil."

They *do* want a more liberal and just society. Yesterday one group marching round the Great Hall of the People featured a model canary in a cage – "Chinese society imprisoned," they explained. Another slogan proclaimed: "This is not a feudal country – we are not feudal – China belongs to the people, not the leaders."

The plea for an end to corruption and bureaucracy is striking. Yesterday one group of demonstrators carried a huge mock coffin "for burying corruption." The day before, another waved a cartoon of a fat figure with moustache and *spectacles – "Mr Bureaucracy."*

"What we're doing is perfectly legal," said a group of well-spoken architecture students from Qinghua University, shocked at the idea that they could be seen as criminals. "We don't want to break the law. This is allowed by the Constitution."

But it is difficult to believe that this protest can continue for much longer at its present level. Some kind of crescendo seems to be in the offing. Ominously, the protest spread yesterday to Peking's workers and further through China to other cities. A huge number of workers from Peking factories joined in, either demonstrating *themselves or giving students* rides in their trucks and minivans.

Even the pillars of the economic reform and open door trade policy have joined in. The China International Trust and Investment Corporation, founded in 1979 to boost investment in China but riddled with nepotism, had staff participating on the square and feather-dusters waving from its building on Peking's main east-west boulevard.

"What changed it all from a simple student protest was the media," said a teacher. "My parents had no idea what was going on. Then, two days ago, they picked up the newspapers and read about it (when the press was allowed to publish fairly accurate accounts) and that did the trick. They and everyone all over Peking felt the same as the students and knew they had to back them. That's what brought everyone out today." Essentially, though, the workers (or, as the students prefer to call them, "citizens") are still only playing a supporting role.

The movement has spread beyond Peking. Four thousand students from Tianjin arrived two nights ago. Students from half-a-dozen northern provinces are already participating. In Shanghai, several thousand students besieged the party headquarters, where the boss, Jiang Zemin, recently sacked one of China's most liberal newspaper editors.

It is not yet a nationwide movement and, by and large, the industrial workers, who already nurse grievances about pay and conditions, still remain on the fringes. To that extent China's present leadership is still secure. But Deng Xiaoping and other Chinese leaders have been humiliated in the presence of Mr Gorbachev and before the eyes of the Chinese people and something will have to give even if the student issue can be cooled.

Most likely, Zhao Ziyang, the party chief and a leader who some students acknowledge is not all bad, will have to arrange for Deng's retirement. Zhao's extraordinary eulogy of the 84-year-old leader, once viewed as the architect of China's reform, which was delivered to President Gorbachev two days ago, reads like an obituary. And by claiming that Deng took all the key decisions, Zhao has neatly shelved his own responsibility.

It is still almost inconceivable that the party leadership will accept the students' demands. "Those old leaders are very stubborn," said one young man in the square. But the hunger-strikers, though down from their original numbers because of dehydration, *are equally determined*, and the people of Peking showed yesterday they would support them every inch of the way. It seems unlikely that the party leadership can wholly triumph when the odds are massed on the other side.

BOOK REVIEW

More octopus than leviathan

WHO'S AFRAID OF BIG BLUE
By Regis McKenna
Addison-Wesley, $17.95

Big Blue is International Business Machines, the world's largest computer manufacturer, a leviathan that has cruised the data processing industry for 65 years with an arrogance of leadership kings and tyrants might envy. Its annual revenues are five times those of its nearest competitor. Its mainframe computers are used in over 70 per cent of the world's data processing centres. It exudes such invulnerability that its occasional lapse – *the failure* to launch a successful home computer or a scientific computer, for example – seems merely a temporary slip rather than a sign of inherent structural weakness.

Size alone, however, does not explain the complex emotions – *a mixture of fear*, uncertainty and doubt as Gene Amdahl, a former IBM designer, describes it – that the company traditionally arouses in its customers and competitors. That is deliberate tactics.

Regis McKenna says IBM has projected an image of technological leadership, unbeatable competitiveness and dynamic innovation which is false but so widely believed that it has become one of the most powerful weapons in IBM's competitive armoury.

He quotes a venture capitalist friend to make his point: "What are we going to do about IBM," the friend complained "They're stifling innovation, killing new investments, frightening off would-be entrepreneurs and investors."

In Who's Afraid of Big Blue, McKenna sets out to expose what he believes is the myth of IBM's invulnerability and offer comfort to would-be competitors. He argues that IBM today has changed, that it is more octopus than leviathan; still large, with tentacles that extend into many corners of the computer business but essentially on the run from the competition, hiding its new and disturbing vulnerability behind a carefully maintained cloud of blue ink.

McKenna, based in California's Silicon Valley, is an adviser on business strategy of long standing to many of the world's largest electronics companies. He *has* watched the computer business change abruptly in the past few years in ways which favour smaller, faster-moving and entrepreneurial companies over the leviathans like IBM.

Developments in microelectronics and telecommunications have caused the single homogeneous market which IBM dominated so effortlessly to splinter into a series of niche markets, each with its own market leader. IBM, while *still holding the largest market* share, has become just one leader among many.

McKenna argues that the idea that only a small number of large companies will survive as the industry matures is flawed, pointing out there were only 340 companies manufacturing computers *and* computer-related products in 1970, while today there are more than 10,000.

In such a world, IBM is handicapped by its level of bureaucracy, by its investment in existing products, many of which are incapable of being connected easily to each other to form data processing systems, and by an arrogance bred of years of success: "Its goal is to win sales away from the competition," he writes. "That approach was successful in the 1950s and 1960s, but the market-share mentality is no longer appropriate for today's newly emerging markets. With new technologies popping up every day, today's companies must focus on creating new markets, not sharing old ones."

This thesis, that niche market leadership is more important today than market share, is central to McKenna's thinking. He suggests small companies can *seek* leadership in technology based industries through a combination of unique market presence, vision, commitment from the top, willingness to take risks, a concentration on strengths and all round business excellence.

Despite its size and bureaucratic inflexibility, IBM when threatened can move with a speed that few other organisations, and certainly none its size, can equal. It understands its predicament. In the past three years it has shed thousands from its workforce and moved thousands more from administration into sales and marketing.

Last year it announced a major corporate restructuring, creating five new and autonomous divisions to decentralise and accelerate decision making. And it is pressing ahead with a multi-million dollar programme to develop the hardware and software to bring compatibility across all its product lines – a form of standardisation, which if successful, the rest of the industry will be forced to follow.

John Sculley, chief executive of Apple Computer and one of a number of industry figures quoted in McKenna's book, puts it best: "It is not that IBM is going to fail, it's not that IBM isn't an extremely well managed company, it's not that their customers are not very satisfied with what *they* do, and its not that IBM won't be very important. But the important observation is that there is plenty of opportunity for the rest of us."

Alan Cane

OBSERVER

Heseltine moves up

■ Postcard to Michael Heseltine. "Very good, what you have to say about Europe. Also admire the great skill with which you manage to remain loyal to the Tory Party and the way you say the debate is not about personalities. (Tony Benn used to say the same thing.) Can see it helps to have Ted Heath keep going over the top: makes you seem very reasonable by comparison. Hardly come across anyone nowadays who does not think that you are seriously in the running for the succession when the time comes. Strong betting that you will come at least second.

Does occur to me, though, that you have a bit of a one-track mind. Like when you used to write about inner *cities*. Of course, you were quite right, and the Government came round to your view in the end. But you can be a shade obsessive. All you're really saying about Europe is that we shouldn't miss any more buses and should fight *our corner from within*. Quite right again, yet the Europe you see is a pretty narrow place. You want the Atlantic Alliance to go on much as before and no great change in West Germany. Here you sound remarkably like Mrs Thatcher. I wonder if you aren't underestimating the forces for change in central Europe.

I gather you're set on writing your next book about Japan. But it might be worth having a closer look at the Federal Republic. It's not quite the simple, straightforward place it used to be, and it is quite important. Best wishes."

Cash for stone

■ Today's White Paper on roads is expected to promise more money for the building programme, but there will be an inflationary cost. A notice on the A40 from London to Oxford, just where the Uxbridge overpass is being built, is appealing for supplies of concrete – "cash paid". And it turns out that such is the shortage that a new business is springing up. Around £7 a cubic metre is being offered for old kerb stones and the like. Hence perhaps the craze for demolition.

Camera shy

■ From the Select Committee Report on the Televising of Proceedings of the House, published yesterday, one can only conclude that the Committee does not want the Commons to be televised. For example: "The press and public galleries, the officials' and visitors' boxes and the area behind the Speaker's Chair . . . should *not be shown* . . . Shots designed to show the Speaker receiving advice from the Clerk at the Table should not be used . . . The standard format for depicting the Member who has the floor should be a head and shoulders shot, *not* a close-up . . . In no circumstances are split-screen shots to be used . . . Panning shots along the benches should not be used."

The formula adopted has been to make the approach as dull and difficult as possible in the hope that the broadcasters will give up. Can anyone wonder why we sometimes think that MPs are pompous?

Into the open

■ The name of Philip Warland is little known in the financial world at large, though his words are. For the last four years he has been the Bank of England's much – but

"This perestroika – is there a cure?"

anonymously – quoted chief spokesman, and, through his personable manner, the restorer of its rather battered image.

But at the age of 43, Warland is leaving Threadneedle Street to join Standard Chartered Bank as deputy general manager of personnel, an area he once covered at the Bank.

The immediate presumption must be that he was deliberately lured by Rodney Galpin, the former Bank director who is now chairman of Standard and leading its recovery efforts. But Warland said it happened the other way round.

He received some approaches from outside the Bank last year, and this encouraged him to explore other possible career moves in the City, especially since the way forward at the Bank looked unpromising. One of the people he called on was Galpin, who offered him a job.

But why move to Standard, which has yet to map out its escape from the losses and management upheavals of 18 months ago? "It's a challenge," says Warland. "I want to help put together a package to get this bank flying again. I think Standard Chartered's recent history has clouded its good points and people may therefore misjudge it."

Will Warland (who has been known to mutter about Bank pay scales in the past) gain materially from the move? "It is very difficult to leave the Bank and take a cut in salary," he says. The Bank's own spokesman could hardly have put it better.

Palindrome

■ Argentine joke: Why does it not matter if Carlos Menem has no policies? Because he can spell his name backwards.

Mellowing

■ There are signs that the role of Labour Party chairman is undermining Dennis Skinner's previous fierce attachment to the back benches in the Commons.

The MP for Bolsover is showing an increasing tendency to sit on the Opposition front bench, usually late at night when few members of the Shadow Cabinet, whom he has become accustomed to keeping in order at meetings of Labour's National Executive Committee, are present.

More striking still, at one point Skinner went down on his knees in order to talk to a front-bench colleague. His left wing comrades in what Nikita Khrushchev might have called the "anti-party group" below the gangway may have cause for concern.

Dab hand

■ From a California college magazine: "And while you are in the National Gallery make a point of seeing the haunting works of Al Greco, the Spanish painter." Not to be confused with the well-known muralist, Al Fresco.

A wider range of UK workers is taking industrial action than at any time since 1979. **Jimmy Burns, John Gapper, Michael Smith and Fiona Thompson** report

'We are not to be messed about'

British workers are on the move. So far this spring, London buses and underground trains have been disrupted by industrial disputes, and action by British Broadcasting Corporation staff has hit TV and radio programmes. Docks, power supplies, engineering companies and national railways are threatened by similar troubles.

The workers taking part in what has been dubbed the "summer of discontent" – taking its name from the 1979 "winter of discontent" which contributed to Mrs Margaret Thatcher's election as Prime Minister – do not have a single grievance as they had a decade ago with the government incomes policy. But there are common threads running through the grievances, as the interviews below illustrate.

A rising inflation rate combined with increases in house mortgage interest payments have imposed pressures on pay. At the same time, public sector enterprises such as British Rail are trying to change working practices and agreements – imitating the process set in train by private companies earlier in the decade – without having the resources to offer trade-off pay increases in exchange.

Brian Cornish wants the British Broadcasting Corporation to pay him more to work as a scenery operative at Television Centre in Shepherds Bush, west London so he can spend more of his weekends with his wife and three children.

At the moment, his £40,000 mortgage on a house in Borehamwood, Hertfordshire, mean his basic weekly pay of £208 has to be topped up with at least two overtime shifts a week in order for his family to survive financially. He has taken part in one 24-hour and one 48-hour strike so far this spring and is willing to back more. "I do not like going on strike, but enough is enough. I feel I have got to do something to make the BBC wake up a bit."

The work has not changed much in the three years that he has done it, but he fears the BBC will raise productivity in a forthcoming review of working patterns by making operatives work some four-hour shifts.

After two years of 4.5 per cent pay rises, Mr Cornish says he thought the BBC would offer more than the 7 per cent that it has now put in pay packets. "Quite honestly, I was shocked when they offered it. They have been doing quite well out of selling programmes and they have the money to pay more."

Clive Edwards readily acknowledges that, as engineering plants go, British Aerospace in Kingston is not a bad place to work. It offers more job security than many smaller companies and it pays better, says Mr Edwards, a 32-year-old fitter, who earns £212 a week, against an industry minimum of £111.

But on one issue – a shorter working week – BAe is, like other members of the Engineering Employers Federation, unreasonable, says Mr Edwards. Over that, he is prepared to take industrial action.

He may well be required to. This summer, engineering unions will ask workers at selected companies whether they are prepared to spearhead the campaign for a shorter working week, and large companies with healthy order books like BAe are the most likely targets.

Like virtually all blue-collar workers employed by EEF members, Mr Edwards works a 39-hour week, more than counterparts in most other European countries.

In the six years Mr Edwards has worked at Kingston, various productivity and wage deals have required him to be increasingly flexible about the jobs he does. The work is no harder, he says, but his and colleagues' agreement on changing work practices has helped to make the plant significantly more profitable. "We do not think we have been properly rewarded." In the last two years pay rises have been 4.5 and 3.5 per cent, both below the British average.

Although Mr Edwards is in favour of action he thinks a strong information campaign by union leaders is needed to produce a yes vote in the ballot at Kingston.

He says union leaders will also need to allay fears over the compromises they are prepared to make. Virtually all 1,200 manual workers at Kingston have signed a petition calling for a 35-hour week "without strings". In particular they fear the loss of five-day working and the introduction of weekend work. "We'd rather stay on a 39-hour week," he says.

Mick Gransden, 47, a docker employed in the Port of Sheerness, Kent, remembers the physical hard work involved in lifting meat carcasses and boxes of fruit off the ships that came from New Zealand and South America.

That was 16 years ago. Today the work that used to be done by five six-man gangs is done by containers, fork-lift trucks, and four men. Mr Gransden has retrained as a driver. With overtime, he earns about £300 per week.

He believes that Government and employers have picked a fight with Britain's dockers unnecessarily. First the Government announced it was abolishing the Dock Labour Scheme which provides dockers with a large measure of job security and gives trade unions a large say in who gets *employed when. Next, port employers* said they were scrapping all national bargaining arrangements with the unions, leaving it to local management to negotiate new terms and conditions.

"When the Scheme was around, it wasn't such a big issue with me. But now that it's gone, you realise how important it is," says Mr Gransden. Last week he cast his vote in a national docks strike ballot organised by the TGWU transport union. The ballot does not refer to the scheme. Instead the union is pressing for a new national agreement with employers that will lay down minimum terms and conditions for the industry.

"I'm part of a union. If we don't make a stand together, the employers will split us in half and management will do what they like with us."

Chris Brown thought he had landed a plum job when he was appointed an instrument mechanic at Stella North power station in Leamington, Newcastle-upon-Tyne. That was nine years ago; today he feels less privileged.

Mr Brown, 34, says that in the intervening years he and his colleagues have been required to work increasingly hard and have seen the pay of other workers catch up with their own. "When I came here my take-home pay was more than my gross wages had been in my previous job as a TV engineer," he says. *"Today TV engineers earn much the* same – and they get a car."

Next Wednesday, Britain's 76,000 manual workers in the electricity supply industry are due to begin an overtime ban in support of a pay deal in excess of the 7.5 per cent they have been offered. Like many others, Mr Brown, with a family, says he is prepared to strike if necessary.

As a craftsman, Mr Brown is near the top of the pay scale for manual workers in his plant, earning £207 for a 37-hour week. Although basic pay has largely kept pace with inflation in the last 10 years, he says he has lost *out in real terms because of mortgage* rate increases – his monthly payments have risen from about £120 to £175 in three years – and because of changes in the way he works.

In the mid-1980s his shift pattern changed so that he works one weekend in four rather than one in two which he says cost him £10 a week in allowances. He and his colleagues have also made concessions on productivity which have meant heavier work, job losses and overtime cuts.

Mr Brown says the stance he and colleagues are taking is partly influenced by the impending privatisation of the electricity supply. "We know that jobs of workers in other industries have become less pleasant after privatisation. We want to show that we are not going to be messed about."

Of all the workers interviewed, Alan and George were the only ones who could not give their real names. At British Rail and London Underground, talking to the press is a disciplinary offence.

Alan, 38, a signalman employed by BR for 15 years, sees such restrictions as symptomatic of the hard-nosed attitude adopted by management in recent months. "It's not the attitude of will you, rather, *you will.* And it's getting everyone's back up," he says.

Over 100,000 BR staff are being balloted on industrial action after their trade unions rejected a 7 per cent pay increase which management subsequently imposed. The unions had been pressing for an increase of between 9 and 10 per cent. BR has also served notice that it intends to break up the 80-year-old collective bargaining machinery in November.

Alan, who controls the movements of trains through 18 miles of busy track, has a basic wage of £133 per week. Even with the additional regional weekly allowances totalling about £20 which are paid to staff in the south-east, Alan has to work 20 hours overtime to make up his total weekly earnings of about £250.

George has been a station foreman for London Underground for 31 years and is opposed to the company's planned Action Stations scheme, which would end job demarcation and promotion linked to seniority. His union voted 7-to-1 to strike over the issue, action which was only averted when London Underground obtained an injunction blocking the strike. The *10,000 staff are now being reballoted.*

Fear and frustration are plainly at the heart of George's opposition. "I left school over 40 years ago," he says. "I have had nothing to do with computers or modern technology yet they expect me to take aptitude tests and psychology tests. They want to test me on a job I have proved I can do."

LOMBARD

A disservice to Scotland

By James Buxton

"WHY SHOULDN'T an airline fly between any two destinations it chooses?" Mr Paul Channon, Britain's Transport Secretary, asked rashly in a speech to Scottish Conservatives last week. He was heckled, for only three days earlier he had acted to stop airlines doing exactly that by refusing to review the status of Prestwick Airport.

Prestwick, near Ayr, about 35 miles south-west of Glasgow, is the only airport in Scotland permitted to handle transatlantic services. Unfortunately hardly any airlines are prepared to use it for scheduled flights – fewer than can be counted on the fingers of one hand.

The airlines have deserted Prestwick because it is awkward to get to from many parts of Scotland and none too convenient for Glasgow. There are no feeder services connecting it with any other airport in Scotland, the rest of the UK or the Continent.

The Government last shelved the Prestwick issue in 1985, saying it would review it again in 1989 if there had not been a "steady improvement" in its finances. In 1987/88 Prestwick lost £2.1m and handled only 303,000 passengers – fewer than used it 10 years before and a fraction of the 3.4m who passed through Glasgow. In January the British Airports Authority asked Mr Channon to review all Scotland's Lowland airports: Prestwick, Glasgow and Edinburgh.

A review would almost certainly have shown that there is a sufficient market for scheduled transatlantic services among the 4m people who live in the central belt of Scotland, but only if they operated from a convenient airport. British Airways and British Midland have said they would consider transatlantic flights from Glasgow (or possibly even Edinburgh) if they were allowed to.

A change in Prestwick's status would not have meant its closure: it has other users such as charter flights, freight, a flying school, military and bad weather diversion.

It is just conceivable that a review might have shown that it was worth making a big investment in improving road and rail connections to Prestwick to make it successful.

But the Government is not going to have a review. It will, however, press ahead with better road projects and ask British Rail to consider building a railway station next to the terminal. The total cost of these schemes may be £100m. A new station will not alter the fact that to get to Prestwick from Edinburgh will still mean changing stations in Glasgow.

Mr Channon and Mr Malcolm Rifkind, the Scottish Secretary, ignored calls from the business community to seize the chance to rationalise Scottish airports policy. They listened instead to MPs who either represent Ayrshire constituencies or prosperous parts of Glasgow that lie under the flight path to Glasgow airport. They did nothing to head off an atavistic feeling – heard even in Edinburgh – that Prestwick was a great Scottish institution and was therefore sacrosanct.

It is no secret that among the Ayrshire MPs is Mr George Younger, the Defence Secretary, whose majority at Ayr fell from almost 8,000 to only 182 at the last general election. It would have taken great courage for Mr Channon and Mr Rifkind to have imperilled the seat of an eminent Cabinet colleague, especially since the Tories have only 10 seats in Scotland. But they have allowed one man's unfortunate predicament to put Scotland at a serious disadvantage for a decade or more.

For the past 10 years the Tories have told Scotland that it must accept the workings of market forces. Scots have seen shipyards, coal mines and ill-located industrial plants close, and compensating employment has not always been obvious. But the unleashing of market forces on Prestwick would almost certainly have meant a visible benefit to the Scottish economy as air traffic that now goes via Manchester or London was repatriated to Scotland, new services got under way boosting other airports, and inward investors and tourists from the US at last found Scotland accessible. The Government's decision on Prestwick is a shabby negation of its claim to be modernising the economy of Scotland.

LETTERS

Little fish can live with big fish

From Mr Peter L. Walker.

Sir, In his "1992" article on "the European company" (May 15) David Buchan seems to ignore the fact that the UK and some parts of the EC have experienced a new industrial and commercial dynamic: small business growth and proliferation.

If Mr Jacques Delors, president of the European Commission, together with the multinationals and the national employers' organisations, would address their "European company" ambition to small private companies, we could make the progress Europe needs and industry wants.

Eighteen months ago, in concert with five companies of similar size from other EC countries, we began to structure a "truly European business." We seemed frustrated at every turn; finally we adapted and adopted *société co-operative* status under Belgian law, with the commitment in our articles of association to convert to an ECS (European Company Statute) "as soon as is practical." It is now the largest grouping of its kind in Europe.

Small and medium-sized businesses in services and manufacturing will find themselves increasingly bullied by the monoliths of European industry and commerce and threatened by US and Far Eastern multinationals, if they cannot combine and structure strong European alliances. Mergers are not the answer for companies whose very independence is the guarantee of marketing sensitivity and quality of service. The "ECS," stripped of German, Dutch and Belgian sponsored social engineering elements, is ideal.

If Sir Leon Brittan, the UK's senior EC commissioner, wants to do something for industry and competition in Europe, he should get his Commission colleagues to build the European company from the ground up, rather than tinkering ineffectually at the top.

Peter L. Walker,
Pielle & Co,
Museum House,
Museum Street, WC1

UK airports policy

From Sir Norman Payne.

Sir, As usual Mr Cox and Mr Lucking (Letters, May 16) are presenting a biased view of the Government's airports policy. In 1985 the Government decided that Stansted should be London's third airport, following seven years of extensive public examination of the available options.

Currently, over half Gatwick's passengers travel by surface from north of the Thames; there is no question of forcing traffic to Stansted, where through-put has grown by an impressive 59 per cent over the last year alone.

We have already said that we agree with the Civil Aviation Authority's conclusion that both a fifth terminal at Heathrow and a second terminal at Stansted will ultimately be needed to meet forecast demand from the late 1990s.

There are dangers in arguing that airport decisions should be based solely on air traffic control considerations. There are many factors that need to be taken into account, including where passengers live, road and rail links, noise, environment and housing for airport staff. Air traffic control should be the servant of the customer, not its master.

The suggestion that we are now a property developer is getting things completely out of proportion. Last year our acquisition of Lynton enabled us to take advantage of their development skills and these are already proving of value to our business.

Far from pursuing non-airport objectives, BAA is spending at the rate of over £200m a year to develop its airports in the framework set out by the Government in its 1985 White Paper, to meet consumer demand where it arises. For the foreseeable future our core airport operations will remain the dominant element in our growth.

Norman Payne,
Chairman, BAA,
130 Wilton Road, SW1

Royal Opera House development scheme

From Mr Peter Zander.

Sir, The confidence of the financial world in London's Royal Opera House development plan has been demolished.

The scheme cannot hope to attract millions in international sponsorship when it is on too mean a scale – and when the Opera House itself, recognising that it must make major changes, withdraws its planning application on the advice of its own technical director.

The existing plan includes, on an already restricted site, a spuriously democratic staircase of grandiose proportions, supposedly joining up the various levels of the auditorium (and income groups), instead of giving absolute priority to the stage needs of the house and leaving the historic building untouched.

With no space on the Floral Street side, it may be necessary to build one extra stage under the present stage – the most primitive of any opera house of world standard. And access for scenery should be backstage.

The present project would destroy the historic setting – the exquisite Floral Hall, an original London coffee house, and other superb listed buildings – although its traditional elegance would greatly enhance both the beauty of the project and its international fund-raising potential. The Floral Hall should be completely restored, so that it can be used as a second performance area or as an additional foyer. New works and production techniques, and young musicians, could there serve a new and less affluent public. Peter Brook could bring his Paris *Carmen* there.

The present scheme, so misconceived and so widely criticised, cannot be tinkered with; it is too deeply compromised, and should be reconceived on a scale commensurate with the importance of the Royal Opera House.

Present plans should be scrapped and an entirely new brief prepared for an entirely new architect. Only excellence will do. With a superb new project to offer, there will be generous response.

Peter Zander,
22 Romilly Street, W1

Irons in the fire

From Mr Colin Stoneman.

Sir, I wonder how many of your readers noticed the ironic juxtaposition of reports (May 9) on Mrs Margaret Thatcher's meeting with the Nicaraguan President, Mr Daniel Ortega, and the prospective meeting with Nigeria's President Ibrahim Babangida.

The former was criticised for not having made progress towards achieving "genuine democracy" (contrary to independent observers' reports that the last elections were free and fair, and Nicaragua's plans to invite observers to witness every stage of the elections to be held next year).

By contrast, President Babangida came to power in a military coup in 1985, lifted a ban on politics only two weeks ago, and *may* return Nigeria to civilian rule in 1992. Nevertheless, according to your report, Mrs Thatcher "and her advisers have gone to great lengths to support" this administration, ". . . backed by behind-the-scenes assistance" through influence in the IMF, the World Bank and the Paris Club. Britain has itself provided extensive aid and credit.

May we therefore take it as settled that, for our Prime Minister, "genuine democracy" has everything to do with the freeing of market forces and nothing to do with the ballot box?

Colin Stoneman,
Centre for South African Studies,
University of York

Spectre de la rose

From Mr Michael Goldman.

Sir, John Orrell and Theo Crosby (Letters, May 16) make the most sensible contribution to the furore about the Rose theatre site that I have seen.

Several theatrical luminaries have spoilt their case by over-claiming: the covering of the site would *not* be like pulling down the Tower of London, the Colosseum or the Parthenon (all parallels which have been seriously put forward). Those three are buildings which are substantially still standing, whereas the Rose theatre is a site with no intrinsic visual interest, however potent its associations.

Michael Goldman,
1 Lyndale Close, SE3

FINANCIAL TIMES
Thursday May 18 1989

Mexico offered debt agreement based on Brady plan

By Stephen Fidler, Euromarkets Correspondent, in London

COMMERCIAL banks yesterday responded to Mexico's request for significant relief on its foreign debts with proposals seen as likely to disappoint the Mexican Government but which conceded the broad principles demanded by its negotiators.

A 15-bank advisory group, led by Citibank of the US, resumed negotiations with Mexican Government officials yesterday to map out a landmark agreement which should be the first to incorporate debt ideas announced in March by the US Treasury Secretary, Mr Nicholas Brady.

Banks were expected only to concede a three-year deal, compared with the six years requested by Mexico, while, according to bank calculations, Mexico's need for debt relief amounts only to an annual $1.6bn. The government has demanded an annual $4.2bn.

However, the advisory group was expected to allow the rolling up of interest payments as principal – known as interest capitalisation or interest recycling.

This would be the first time this had been conceded in any restructuring agreement during the 6¼ year Latin American debt crisis.

The Mexican proposals would allow banks to contribute in one of four ways: new loans equivalent to 80 per cent of interest payments, capitalisation of 80 per cent of interest, a reduction in debt principal to 45 per cent of face value on $30bn of loans, and the conversion of $10bn of loans into the same amount of 4 per cent bonds.

US Treasury officials have joined bankers in describing that request as too aggressive. The Mexican assumption of $12 a barrel for its oil exports was widely regarded by bankers as too conservative.

However, it is understood that some important bank creditors believe the $1.6bn figure would be insufficient to bolster confidence in Mexico and safeguard its budgetary position.

Banks have conceded that the four options should be part of any package. However, they say that firmer details must await decisions, promised soon, from the Group of Seven industrialised countries on the Brady initiative.

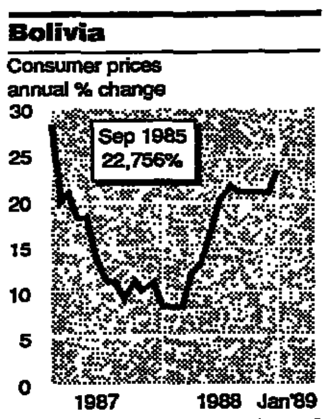
These governments are yet to resolve two key questions: how much financial support the International Monetary Fund and World Bank will be able to devote to accelerated the reduction of countries debt burdens and whether the institutions will be allowed to devote resources to backing interest payments to banks.

Nevertheless, bankers say a package can be put together before July 31, when Mexico's social pact ends. This is widely regarded as critical for maintaining confidence and avoiding further capital flight.

Leading bankers believe G-7 members favour the benefits of debt reduction being spread over a number of years.

Bolivian austerity plan wins votes

Robert Graham reports on the lessons for other economically troubled South American countries of the May 7 elections



Presidential candidate Gonzalo Sanchez Losada (right), architect of Bolivia's austerity measures

BOLIVIA is one of those rare countries which attracts superlatives. It boasts (to the breathless visitor) the world's highest ski run and golf course, the highest capital, navigable lake and airport, to say nothing of possessing the greatest concentration of cosmic rays.

To such exotic claims, Bolivia can now add a more a down-to-earth achievement. It is the first Latin American democracy to demonstrate that tough economic austerity measures can, when well executed, win votes despite their severity. This is the main message from the May 7 presidential and congressional elections in Bolivia. Such an outcome challenges the received wisdom of the governments in Argentina, Brazil and Peru, all of which have rejected sustained, draconian austerity precisely because they fear the negative political repercussions.

The official results will not be made known until May 27 and there is considerable doubt still about who will be the next president. Nevertheless, it is clear there will be little if any break with the policies of the ruling Movimiento Revolucionaria (MNR) and its economic stabilisation programme.

Mr Gonzalo Sanchez de Losada, 59, the MNR presidential candidate, was the architect of the programme four years ago and made its continuance the central plank of his platform.

His tough public spending cuts, price liberalisation and deregulation, pressed further than demanded by the international financial community, have caused severe hardship, especially among the 25 per cent of the population who are unemployed. But equally, these policies have created price stability after hyperinflation, regenerated growth and spawned a sense of optimism.

Despite confusion in recounting the votes and an extremely close contest, the latest unofficial estimates still give Mr Sanchez de Losada a slight edge over his two rivals. His closest rival is retired General Hugo Banzer: but all three main candidates appear to have won between 22-25 per cent of the vote each.

Significantly neither Gen Banzer of the rightist Accion Democratica Nacionalista (ADN), nor the social democrat Mr Jaime Paz Zamora of the MIR-Nueva Mayoria, challenged the essence of the government's economic policies. The candidates differences were more of emphasis and personality, Gen Banzer stressing "order" and Mr Paz playing up social issues.

Since no candidate has an absolute majority, the newly elected congress (130 in the chamber of deputies and 27 in the senate) will have to decide Bolivia's 77th president.

Despite the confusion in La Paz over the result, Mr Sanchez de Losada still seems to have the best chance. Gen Banzer would have to enlist the tactical support of Mr Paz and his MIR (and vice versa), an uncomfortable partnership given the general's record of repression when he headed the military government from 1971-78.

To ally with the ruling MRN, the general needed to establish at least a 5 point lead and improve on his 28 per cent in the 1985 elections. His vote, though so close to the MRN, has nevertheless been a personal disappointment. Deeply affected by the recent loss of two sons in car crashes and just turned 64, he may not have the stomach for a tough battle over the presidency. The ADN which he formed is already asking questions about its future.

Any incoming government has to tackle the basic issue of the two nations in Bolivia. There is a real danger that economic take-off will accelerate the gap between the dynamic tropical lowlands based round Santa Cruz, and the highlands, the country's traditional centre of gravity, which contain 60 per cent of the population. In the past 10 years, incomes in the Santa Cruz area have become four or five times greater than those in the highland Altiplano. Matters are further distorted by the semi-tolerated cocaine economy, which generates an estimated $600m a year. The trade's prime beneficiaries are in the lowlands.

To divert more funds to social spending and narrow this gap will require careful management. The current budget is in balance and accumulated inflation for the first four months of 1989 is 1.9 per cent on a projected economic growth rate of 4.3 per cent.

Despite raising fiscal pressure from below 1 per cent of GDP in 1984 to 8 per cent, the Government can only finance some 7 per cent or $60m of essential capital spending from local sources. For the rest it is dependent upon the goodwill of the international financial community.

The efforts of the present Government, headed by octogenarian President Victor Paz Estenssoro, have been viewed kindly by international bankers. Not only has the Paris Club accepted two restructuring agreements since 1986, but the commercial banks have allowed Bolivia to retire 67 per cent of the $678m debt via buy-back deals.

The Government hopes to have retired all commercial bank debt by August 6 when the next president assumes office. Although this will have reduced foreign debt to $3.9bn (a 7 per cent reduction equivalent proportionately to that of Chile), debt service paid to multilateral organisations is heavy. The Government recognises such payments are necessary to retain the good will of such organisations but last year this represented over 45 per cent of exports.

The election result has, nevertheless, created a climate for sustained economic stability which at last could help realise this land-locked Andean country's huge under-exploited mineral, hydrocarbon and agricultural potential.

Stoltenberg may offer compromise on missiles

By Our Foreign and Diplomatic Staff

MR Gerhard Stoltenberg, the West German Defence Minister, flew to Washington yesterday with a possible compromise in Bonn's dispute with the US and Britain over the reduction of short-range nuclear missiles based in Europe.

Mr Stoltenberg will have talks in Washington today with Mr Richard Cheney, his US opposite number, in which he is expected to indicate that Bonn will not insist on negotiations with the Soviet Union on tactical nuclear weapons regardless of progress in the Vienna conventional arms talks. Tomorrow, Mr Stoltenberg is due to meet Mr James Baker, the US Secretary of State, and Vice-President Dan Quayle.

West Germany's new position is reported to be that a decision on opening talks on tactical nuclear weapons could wait until it became clear that the Warsaw Pact was willing to make radical cuts in tank numbers, the core issue of the Vienna negotiations. Bonn has previously called for talks on short-range nuclear weapons "soon", or even for parallel talks with the conventional arms negotiations.

Mr Baker yesterday repeated US opposition to the Soviet and West German proposals for early East-West negotiations on the reduction of the tactical missiles. But he said in a satellite TV broadcast from Washington that he was very interested in what the US hoped was an "evolving position" by the West German Government.

The influential West German newspaper, Frankfurter Allgemeine Zeitung, yesterday reported that Mr Stoltenberg was carrying a new paper setting out precisely Bonn's position on short-range nuclear weapons.

Mr Baker reiterated yesterday that the US and the UK were opposed to early negotiations on short-range nuclear missiles principally because of the Warsaw Pact's continuing superiority in conventional weapons. But any West German suggestion that talks on short-range nuclear missiles should follow an agreement on reducing the imbalance of conventional forces in Europe is likely to be welcomed in principle by the Bush Administration as a step towards avoiding an open split at the Nato summit in Brussels this month.

For the past two weeks, senior US officials have been talking about the possibility of such a linkage between the Vienna talks on conventional forces and eventual negotiations on short-range nuclear missiles, though only if the latter follow agreement on conventional arms.

Last Sunday, Mr Baker emphasised: "It is important that there be a resolution of the imbalance in conventional forces before we start getting into negotiations on short-range nuclear weapons."

In his satellite broadcast yesterday, the Secretary of State said the US saw the modernisation of Nato's 88 Lance missile systems in Europe, which have a range of 120km (75 miles), in a somewhat different light to the problem of negotiations on tactical nuclear weapons.

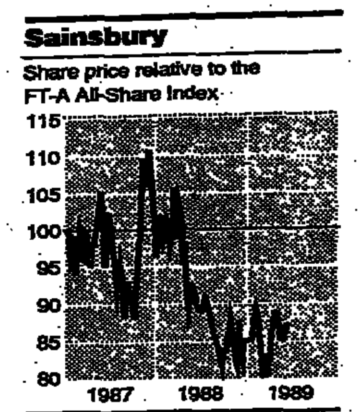
THE LEX COLUMN

The rise and rise of the dollar

The latest US trade figures are encouraging, but are of only marginal interest when it comes to reading the next short-term move in the US dollar. This is a false market which has long since lost touch with fundamentals, and the continued lack of intervention by the central banks yesterday was no real surprise. They need to conserve their firepower for when sentiment changes, as it undoubtedly will at some stage.

All this is of little comfort to the West Germans, who are wrestling with an embarrassingly weak currency which is increasing the country's growing inflationary pressures. It is only a month since they scrapped their withholding tax and raised the discount rate, yet the D-mark has dropped by 7 per cent against the dollar and short-term interest rates have already risen by another half point. There are good reasons for another rise in official West German rates, but it would probably be wise to delay this until the fireworks in the foreign exchange markets have subsided.

Meanwhile, the UK equity market is concentrating on the plus points of the dollar's strength and ignoring the fact that a rise in West German interest rates could easily precipitate a rise in UK base rates. Sterling's weakness should cushion the squeeze on UK corporate profits, but is bad for inflation: and any further rise in UK interest rates could raise the spectre of stagflation.



J Sainsbury

It has never been wise to question the ability of J Sainsbury to deliver its customary growth of 20 per cent, but now that it has hit that target for ten years running, it may be time to set a fresh goal – perhaps the mid teens - for the next decade. Given what is happening to the rest of the market, that does not represent any lowering of sights; and if it proves realistic, Sainsbury will more than deserve its 15 to 20 per cent premium to the market.

Yesterday's figures showed the company at its predictable best, and if sales growth was a little disappointing, higher margins at least made up the difference. It seems that the consumer is eating well again this spring after some tighter times last year, confirming the picture from Tesco last month; but for Sainsbury, as for Tesco, a little extra volume is pretty insignificant compared to the steady march of margins. With only a quarter of sales coming from its new, ultra-profitable stores, margins can go on rising for some time yet, although perhaps not by as much as last year's remarkable 0.6 percentage point.

Meanwhile, the balance sheet is showing surprisingly little strain from annual capital expenditure of £500m; and now that the property market has at last discovered superstores, Sainsbury can engage in more sale-and-leaseback transactions if it wishes to fine tune its return on capital.

Gold Fields

Consolidated Gold Fields' shares have just about managed to keep pace with the market over the last year – a feat which they are unlikely to repeat over the next few months. But at least their near £1 drop over the last couple of days gives a clue to the expected trading range as the two sides decide what to do next. At £12.28, the prospective multiple of 13.4 and the yield of 4.4 per cent look pretty demanding, were it not for the expectation that the two sides cannot wait another 12 months before resolving their differences. Either Minorco departs and turns its attention to smaller fry, like Charter Consolidated, or the two sides reach an amicable settlement. Despite all the rhetoric, the latter option still seems the most sensible, if the least likely.

Bass

The interim figures from Bass are impressive from almost every angle. The rise of almost a half in pre-tax profits and earnings per share owes something to unusually high property disposals and to loss elimination through the sale of Horizon. But margins in all the main divisions are ahead, and underlying trading profits are up by 25 per cent. In brewing, Bass now has around a quarter of the UK market, almost twice the share of its nearest competitor: and though the assault on consumer spending is now affecting its restaurants and off-licences, the pub business is apparently untouched.

For the market, none of this counts by comparison with what Lord Young will decide on the fate of the industry. With the two sides now in negotiation, speculation is particularly fruitless. The trouble is that the market cannot even agree on the desired outcome. One view is that splitting Bass into manufacture and retail would liberate its asset values, to which Bass rather testily replies that it would rather see its shares revalued here and now. The other view, also plausible, is that if the Monopolies Commission is right in believing that its proposals would bring cheaper beer for the consumer, they should also mean lower profits for the industry, Bass included.

At 951p, the shares are on only 10 times prospective earnings, property sales excluded. If Lord Young's measures prove anodyne, this is surely too cheap. It could be too cheap anyway: radical change would mean winners as well as losers, and Bass – the best managed brewer, as well as the biggest – looks quite able to take care of itself.

Ultramar

With the appointment of a new chief executive, Ultramar comes full circle: Just a year ago it seemed good for nothing but takeover, but now it is making acceptable returns. The market's gleeful response yesterday to Mr Gaulin (credited with solving rather than creating problems) shows a willingness to view Ultramar immediately as a well-run company. At 331p, the shares are even higher than when bid tales were at their tallest, though the world has given up waiting for a bid. But while Ultramar's prospects may be vastly improved, they still do not quite match the price. The company offers a pretty pure exposure to the refining market - and its Wilmington refinery is particularly enjoying the rise in gasoline prices - but a p/e and cash flow multiple three points above the majors would need a quite formidable management story to justify them.

Peking turmoil as 1m protesters take to streets

Continued from Page 1

proclaiming: "Our heart is with the students" fluttered in the warm wind.

On the streets on top of trucks laden with cement and building materials, workers wearing student-style headbands flashed the victory sign and waved furiously.

For most it was a unique and euphoric experience as police and crack army troops in the capital, many in sympathy with the students, kept out of sight.

So far, the Government and ruling Communist Party have tried to embrace the general aims of the protest without endorsing its tactics or specific objectives, while the campaign has appeared to move out of control. Chinese leaders now face the prospect of having to clamp down hard or give in to student demands.

The campaign began with the death of Hu Yaobang, the progressive former party chief, five weeks ago.

Chinese officials speculated yesterday that little short of Deng's retirement, coupled with an iron-clad undertaking on reform from Zhao, would calm the disorder. However, it is thought no move will be made until after Mr Gorbachev leaves China tomorrow.

Rebel troops control Eritrian capital

By Julian Ozanne in Nairobi

REBELLIOUS Ethiopian troops last night appeared in control of Asmara, capital of Eritrea province, posing a major challenge to the authority of President Mengistu Haile Mariam.

A group calling themselves the Eritrea revolutionary forces broadcast a statement yesterday from the radio station in Asmara condemning the "barbarous" rule of President Mengistu: "We the members present at the war front and familiar with this tyrant reaffirm that the overthrow of this tyrant is our unswerving stand," the broadcast said.

The loyalty of the estimated 150,000 troops garrisoned in Eritrea, where the government has been fighting a losing battle with the Eritrean People's Liberation Front, may prove critical to the survival of President Mengistu, who cut short his state visit to East Germany yesterday.

He was believed to be returning to the Ethiopian capital of Addis Ababa, where pro-government forces appeared in to be in charge after a coup attempt launched on Tuesday afternoon.

At a meeting at the Ministry of Defence in the early hours of yesterday, at least two plotters were executed – Major-General Merid Negussie, chief of staff of the armed forces and General Amha Desta, commander of the air force.

As many as 200 people were arrested, including eight generals, by security police after shooting around the defence ministry, say Western diplomats.

Mr Haile Giorgis Habte-Mariam, the Minister of Defence, was believed to have been shot.

An announcement on Addis Ababa radio said: "Most of the conspiring generals wanted to create great unrest and disturbance . . . they tried to use force but were killed."

"The capital has been sewn up pretty tightly by the regime. The coup appears to be dying down here," said one western diplomat, "but we still don't know how the military elsewhere will fall."

According to intermittent radio broadcasts coming out of Asmara, a garrison town with about 100,000 troops, the army and air force in Eritrea province had declared themselves against the Marxist regime.

A tough and private word in Gdansk

Continued from Page 1

employing more than 600 workers.

Mr Piskorz-Nalecki said the yard would be used to build hulls, which would be fitted out elsewhere. Several contracts had already been negotiated and work would begin as soon as the last state order – a fish factory ship for the Soviet Union – was finished next month.

He said other foreign companies – believed to number at least 18 – were negotiating for the lease of other parts of the yard, though he said he and Durainsul might themselves take over another of the remaining two sections.

Kvaerner Industrier of Norway, which ceased building ships in its native country but recently acquired the Govan yard in Glasgow from British Shipbuilders, is believed to be pursuing a link with Gdansk. It is already in talks with the Polish Government over the neighbouring yard in Gdynia, which employs some 7,000 to 8,000 workers.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	21	70	Dubrovnik	S	21	70	Malta	F	20	68	Rhodes	S	25	77
Algiers	S	23	73	Edinburgh	S	17	63	Manchester	S	17	63	Rio de J'o	C	29	84
Amsterdam	S	20	68	Faro	S	23	73	Manila	R	30	86	Rome	F	17	63
Athens	S	26	79	Florence	F	20	68	Melbourne	F	15	59	Salzburg	C	19	66
Bahrain	S	32	90	Frankfurt	S	23	73	Mexico City	F	27	81	San Francisco	F	11	52
Bangkok	F	35	95	Funchal	S	21	70	Miami	S	25	77	Seoul	S	25	77
Barcelona	S	20	68	Geneva	S	19	66	Milan	F	21	70	Singapore		–	–
Beirut		–	–	Gibraltar	S	21	70	Montreal	F	16	61	Stockholm	S	17	63
Belfast	S	15	59	Glasgow	S	14	57	Moscow	F	21	70	Strasbourg	S	24	75
Belgrade	R	16	61	Guernsey	F	16	61	Munich	S	20	68	Sydney	C	19	66
Berlin	S	23	73	Helsinki	S	17	63	Nairobi	F	19	66	Taipei	C	31	88
Biarritz	S	19	66	H. Kong	C	27	81	Naples	F	21	70	Tangier	S	25	77
Bombay	F	32	90	Innsbruck	F	17	63	Nassau	C	30	87	Tel Aviv	S	30	86
Bordeaux	S	24	75	Inverness	C	14	57	New Delhi	S	38	100	Tenerife	S	23	73
Brussels	S	21	70	Islamabad	C	36	97	New York	R	14	57	Tokyo	R	18	64
Budapest	F	21	70	Istanbul	S	22	72	Nice	C	20	68	Toronto	F	15	59
B. Aires	F	18	64	Jakarta	C	32	90	Nicosia	S	27	81	Tunis	C	20	68
Cairo	S	34	93	Jersey	F	19	66	Oporto	F	17	63	Valencia	S	23	73
Cape Town	S	20	68	Jo'burg	S	19	66	Oslo	F	17	63	Venice	F	22	72
Caracas	C	28	82	Lima	F	21	70	Paris	S	22	72	Vienna	S	20	68
Casablanca	S	23	73	Lisbon	S	24	75	Peking	S	27	81	Warsaw	S	22	72
Chicago	S	11	52	London	C	19	66	Prague	S	21	70	Washington	C	16	61
Cologne	S	23	73	Los Angeles	C	16	61	Reykjavik	F	7	45	Zurich	F	19	66
Copenhagen	S	14	57	Luxembourg	S	20	68								
Corfu	F	22	72	Madrid	S	25	77								
Dallas	F	19	66	Majorca	S	25	77								
Dublin	F	15	59	Malaga	S	22	72								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain
S-Sun Sl-Sleet Sn-Snow T-Thunder

Gorbachev proposes troop withdrawal

Continued from Page 1

He also proposed a range of joint economic ventures, including construction of a "liquid coal" pipeline from Siberia, and completion of the railway line from Peking via Alma Ata to Moscow, as a new "Silk Road" linking China to Europe. However, he accepted that after 30 years of stagnation economic relations between the two countries would develop slowly.

On the wider front of international relations, Mr Gorbachev used his platform in Peking to propose a permanent Asian consultation process to help defuse regional conflicts – such as Afghanistan and Cambodia – and to promote regional disarmament.

He openly criticised China's ally Pakistan for aggression against neighbouring Afghanistan. On Cambodia, he offered to guarantee a future peace settlement and proposed international verification to underpin any agreement between the Cambodian parties.

If Mr Gorbachev's demilitarisation plan was the most substantial he brought with him to the summit, his political endorsement of Zhao is likely to be even more helpful to the Chinese party leader.

Mr Gorbachev rejected any suggestion that he should comment on the street demonstrations

FINANCIAL TIMES

COMPANIES & MARKETS

Thursday May 18 1989

INSIDE

Stealth, wealth and unhappiness

No US defence contractor fared better when the pickings were rich under the Reagan Administration; none is struggling more now the Pentagon is on a stricter diet. Having prospered mightily on the back of the $73bn Stealth bomber programme, Northrop is having to fight hard to keep the project alive, and, on top of this and fiscal austerity, is being damaged by renewed controversy over other contracts. Lionel Barber reports. Page 20

It's not all sunshine in Brazil

Everything has gone right for Brazil's soyabean growers this year, and — thanks largely to excellent weather and good planning — there looks like being a record harvest. But there are dark clouds on the horizon. Farmers are overworking their property, creating ever-widening zones of denuded and infertile land. John Barham reports. Page 28

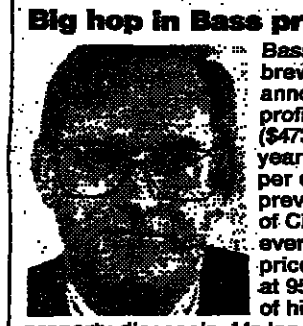
Citicorp takes on Japanese in their own backyard

Most foreign bankers in Tokyo would not touch retail business with a barge-pole. They see no point in attacking the huge Japanese banks in their strongest field. However, Citicorp, the US banking group, takes a different view. Today, it will open a branch in Aoyama, a smart residential district in central Tokyo. It will be the eighth such opening by Citicorp, which has committed itself to building a network of about 30 branches. Stefan Wagstyl explains why, after a slow start, the pace of this expansion is picking up. Page 22

Copenhagen regains its bounce

An almost complete absence of new issues or capital increases, coupled with unusually low turnover in the domestic bond market, have put the spring back into the step of Copenhagen's stock market. Page 40

Big hop in Bass profits



Bass, Britain's largest brewer, yesterday announced a pre-tax profit of £288.6m ($473.3m) for the half year to April 2, a 46.5 per cent increase on the previous year and ahead of City forecasts. However, the group's share price closed unchanged at 951p, mainly because of higher-than-expected property disposals. Mr Ian Prosser, chairman (above), said the company had made an excellent start to the year and was confident of further progress in the second half. Page 25

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Feldmuehle	361.5	+	5.5	Beghin-Say	830	+	25
Hypobank	374.5	+	5	SEB	1020	+	25.5
Karstadt	508	+	8.5	Falls			
Thyssen	246.3	+	8.3	Europe No.1	699	-	23
Falls				Printemps	635	-	21
Henkel	500	-	1	UCB	227	-	10.5
Kaufhof	469	-	3	UFB	84	-	4
NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
Blockbuster Ent	28⅜	+	1½	Carolina	720	+	130
Holiday Corp.	45⅛	+	2⅜	Daido	2330	+	280
L.A. Gear	50¼	+	4¾	Kenwood	1080	+	92
Falls				Toho Titanium	2990	+	290
Boeing	60⅞	-	1½	Falls			
McGraw-Hill	63⅞	-	5⅞	Inui Steamship	1220	-	80
Prime Comp.	15⅞	-	2	Kyoritsu	1950	-	150

LONDON (Pence)							
Rises				Racham Envmtl.	638	+	31
AMEC	476	+	13	Redland	595	+	8
Boots	297	+	8	Saatchi & S.	310½	+	9½
Charter Cons	523	+	13	Select Appoint.	164	+	18
Coloroll & F.	183	+	7	Ultramar	331	+	8
BIS A	1057	+	13	VSEL	503	+	10
Guinness	487	+	8	Wolseley	297	+	11
Johnson Matthey	409	+	8	Falls			
McLaughlin & H	318	+	10	AB Elect.	364	-	17
Mowlem (J)	448	+	15	Lon. & Man.	299	-	9
RFA Hldgs.	231	+	25	NMC Grp.	139	-	18
RHM	356	+	15	Tomkinsons	378	-	15
RMC	779	+	19	Utd.Scientific	143	-	37

Bill for Gold Fields battle totals £50m

By Kenneth Gooding, Mining Correspondent, in London

BRITAIN'S biggest takeover bid has cost the protagonists, Consolidated Gold Fields and Minorco, about £50m ($82m) between them, the companies admitted yesterday.

Mr Rudolph Agnew, Gold Fields' chairman, said his group's costs, including "success fees" for various advisers, were a little over £30m. Minorco said it had not finally completed the sums, but its costs, including those associated with arranging a £1.8bn three-year finance facility, were in the region of £20m.

The share prices of both companies reacted sharply yesterday to the news late on Tuesday that Minorco, the South African-controlled investment company, had admitted defeat and would allow its £3.5bn bid for Gold Fields, the diversified UK mining company, to lapse.

However, the Gold Fields price did not fall as far as some market-makers expected. After starting the day being quoted at about £11.50, the price quickly edged back up again and ended yesterday at £12.28, down 45p. When Minorco made its final offer last month, the offer was worth £15.50 for each Gold Fields share.

The Minorco share price rose 59p to £7.70 yesterday, helped by the removal of the threat that a flood of unwanted Minorco shares might deluge the market if the bid had been successful. Speculation that a thwarted Minorco might turn its attention to other companies in its investment portfolio helped boost the price of Charter Consolidated, 36 per cent-owned by Minorco, by 13p to £5.23. Johnson Matthey, the platinum refining and marketing group in which Charter has a 38 per cent stake, moved up 8p to £4.09.

Minorco allowed the bid to lapse even though it owned and had acceptances for about 55 per cent of Gold Fields because a New York judge on Tuesday again refused to remove an injunction which prevented Minorco buying any more Gold Fields shares.

There were some discontented mutterings yesterday about the outcome from institutional shareholders which accepted the bid. But there were no immediate signs of this leading to concerted action.

Mr Agnew accepted that many of the shareholders who accepted were "genuine" long-term investors in Gold Fields. "We have to reassure them that the future looks very bright for Gold Fields," he said. This would be possible over the coming weeks as the group's financial results came through.

Mr Agnew said that Gold Fields would hold an extraordinary meeting "as soon as practicable" to put to shareholders the so-called "performance pledge" plan it unveiled as part of its defence. This involves the issue of a special preference share guaranteeing a certain minimum earnings performance by Gold Fields.

He dismissed the idea that this was a British bid which had been thwarted by a US judge. "This has been a battle between two international companies and the target company in particular had a large proportion of its assets in the US," he said.

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Challenge to the US brains trust

Alan Cane and Louise Kehoe on this week's shake-up in the supercomputer industry

IS THE US in danger of yielding to Japan its hitherto commanding lead in the esoteric but strategically important field of supercomputing?

For the moment the answer is no, but this week's events nevertheless suggest the US supercomputer industry – comprising essentially two companies, Cray Research and Control Data, whose products offer the raw power needed to solve complex problems in science as well as defence and meteorology – is confused and suffering a disturbing loss of confidence:

- Control Data of Minneapolis, Minnesota, the US pioneer peremptorily closed its ETA supercomputer division last month when it became clear it could not sustain the $100m or so annual research and development expenditure necessary to stay at the technological leading edge
- Cray Research, the world's leading supercomputer manufacturer with a 64 per cent market share, decided to split into two competing companies, one to continue to develop Cray's very successful existing technology, the other – Cray Computer – to pioneer a new, risky but highly promising technology based on chips made from gallium arsenide, a material which offers substantial speed advantages over silicon. Funded to the tune of $100m over two years by Cray Research, the new company will be run by Mr Seymour Cray, founder and chief designer of Cray Research.
- Control Data and Cray forged a co-operative marketing agreement giving Control Data's customers access to Cray's supercomputers while Cray's customers have access to Control Data's commercial mainframes and workstations.

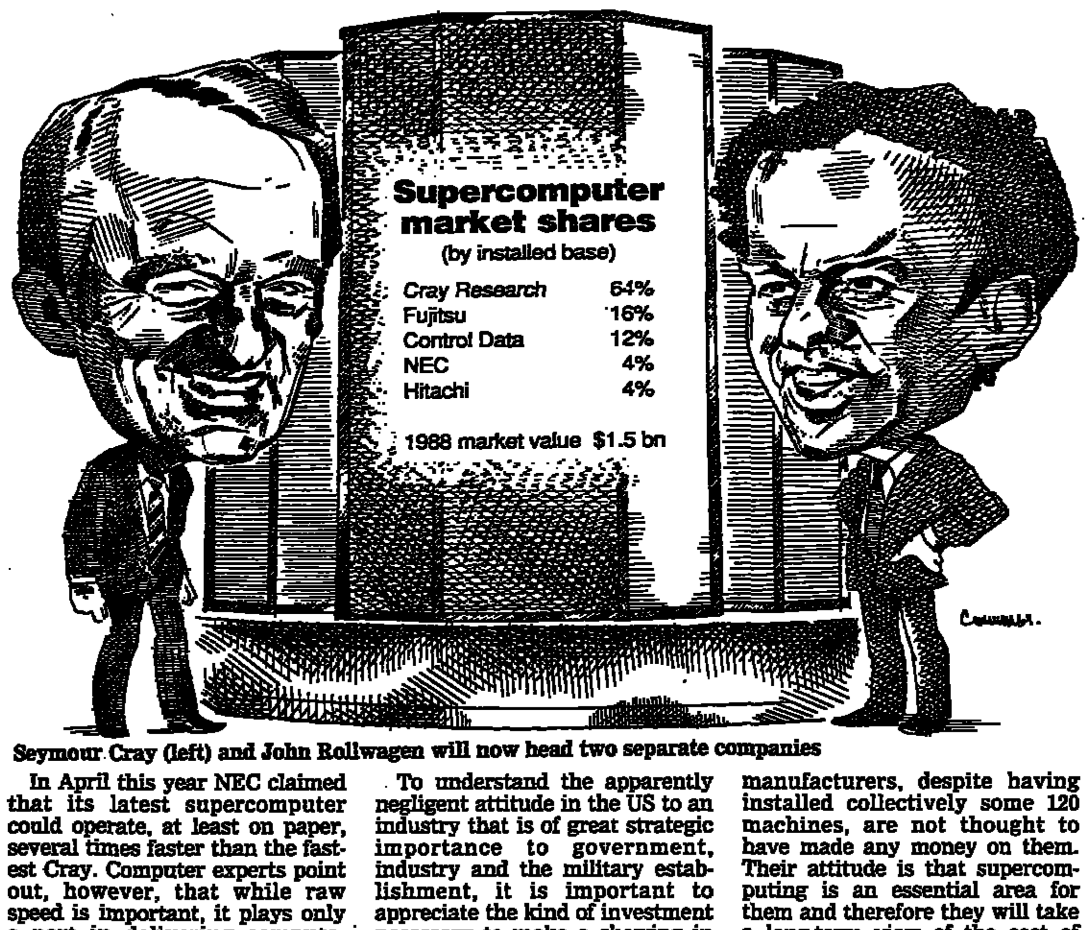
"This is an important step in providing our customers excellent alternatives to solve their future supercomputing requirements," said Mr James E. Ousley, Control Data's computer products group president. "But it goes a long way in keeping the US supercomputer industry's lead."

Wall Street seemed none too sure. Control Data's share price, already close to its 12-month low after the ETA closure, moved up a quarter dollar. Cray's price fell $7.5 to $48.25.

Meanwhile, the three leading Japanese computer companies, Fujitsu, NEC and Hitachi, nowhere in supercomputers six years ago, continue to make inroads into the market share of their US competitors. Fujitsu is now in second position with 16 per cent of the world market to Control Data's 12 per cent.

Some 90 per cent of Fujitsu's sales, however, are in Japan, and a row is brewing between the US and Japan over the Japanese government's alleged reluctance to buy US-made supercomputers. The US has already retaliated by placing restrictions on the purchase of Japanese-made supercomputers by government agencies and, potentially, Japanese supercomputers could be excluded from the US in the near future through 100 per cent punitive import duties imposed as a result of an unrelated trade dispute over cellular telephones. A final decision on this measure is expected by this month.

Last year, a group of leading US computer science experts assessed Japan's progress in supercomputers and concluded that the US lead in technology had all but evaporated.



Seymour Cray (left) and John Rollwagen will now head two separate companies

In April this year NEC claimed that its latest supercomputer could operate, at least on paper, several times faster than the fastest Cray. Computer experts point out, however, that while raw speed is important, it plays only a part in delivering computational power and that the Cray machines remain the fastest available commercial supercomputers.

Mr John Rollwagen, Cray chief executive, said yesterday that a week ago a Japanese view of the US industry would have been one of perplexity. On the one hand, the US government was urging the Japanese to buy US-made machines; on the other Control Data was getting out of supercomputers while analysts were reacting unenthusiastically to Cray's disappointing first quarter earnings. The spinning off of Cray Computer and the deal with Control Data had created a much more encouraging and coherent picture, he said.

To understand the apparently negligent attitude in the US to an industry that is of great strategic importance to government, industry and the military establishment, it is important to appreciate the kind of investment necessary to make a showing in supercomputers.

The costs of taking part in the game are prohibitive and have deterred traditional computer manufacturers. International Business Machines, for example, made two tentative efforts to take part, one in the 1950s, the other in the 1960s. In the first, it lost $20m in the second $126m, and it has never show much enthusiasm since.

Last year, however, it signed an agreement with Steve Chen, a designer who left Cray after disagreements over policy, through which Chen gets the pick of IBM's technologies for his effort to build a machine by the 1990s that will equal the Cray.

The Japanese supercomputer manufacturers, despite having installed collectively some 120 machines, are not thought to have made any money on them. Their attitude is that supercomputing is an essential area for them and therefore they will take a long-term view of the cost of investment.

Cray, on the other hand, has been buffetted by the short-term attitudes of Wall Street. The hiving off of Cray Computer from Cray Research is essentially a move to give Seymour Cray the freedom to work on gallium arsenide technology, free from the pressures of quarterly results and shareholder concerns.

According to Mr Neil Davenport, in charge of production technology at Cray's Boulder, Colorado, facility, the gallium arsenide chips are working well, but automatic assembly methods have still to be refined. Commercial production of the gallium arsenide machine – the Cray 3 – is expected to start next year.

Italian group expected to acquire stake in Springer

By Alan Friedman in Milan

POLIGRAFICI Editoriale, a large Italian regional newspaper group, is at an advanced stage of negotiations to acquire a stake of up to 10 per cent in Springer Verlag, the West German group that ranks among the world's top 10 publishing concerns.

The deal may see the Springer group, which includes such papers as Die Welt, the quality daily, and Bild Zeitung, the well-known tabloid, also agreeing to buy a minority stake in Poligrafici, which is controlled by the family of Mr Attilio Monti, the businessman with interests in hotels and publishing.

This would ensure an Italian-German cross-holding and could be part of further plans to co-operate in technical and commercial areas.

It is believed that Poligrafici will pay up to about DM200m ($103m) to acquire the stake in Springer from the trust that is held for the heirs of the late Mr Axel Springer; the trust owns 50.1 per cent of the Springer group.

Although no formal announcement has been made yet, it is understood that final negotiations have been taking place in Berlin in recent days.

The purchase of a stake in Springer is likely to require the approval of the Kartelamt, the West German monopolies commission.

Poligrafici had turnover of L264bn ($187m) in 1987; the total last year is believed to have been close to L300bn.

The Monti family publishing company controls well-known Italian regional papers, such as La Nazione of Florence, Il Resto del Carlino of Bologna and Il Piccolo of Trieste.

Mr Monti was also, until he disposed of energy sector holdings about 10 years ago, one of *the leading independent oil operators* in Italy.

The Springer group has been involved in a long-running dispute over a stake in the group held by Mr Leo Kirch, a Munich film magnate who is said to own more film and television rights than anyone else in Europe.

Last January, Mr Kirch said he had built up his holding in the company to more than 25 per cent.

However, this was denied by Springer, which proved reluctant to register his new stock.

Observers said at the time that the Springer beneficiaries and top management were suspicious that calls for co-operation by Mr Kirch might be the prelude to a stranglehold.

Banque Bruxelles Lambert calls for $150m as profits rise 12.3%

By Tim Dickson in Brussels

BANQUE Bruxelles Lambert (BBL), one of Belgium's major commercial banking groups, yesterday announced plans for a one-for-seven rights issue to raise BFr6bn ($150m), and a 12.3 per cent increase in first-half profits.

The cash call follows a string of similar financing moves by Belgian companies, notably the BFr7.5bn rights issue from the financial holding company Cobepa and the BFr22bn share issue accompanying the merger of Electrafina, the energy holding, with Cometra.

The high demand for cash has imposed severe strains on the Brussels bourse and looks set to complicate further the timing of the huge share placing planned for this summer by Société Générale de Belgique (SGB).

Despite an official "no comment" last night the SGB board is understood to be anxious to proceed next month with the promised sale of 12 per cent of the group's shares, which will raise around BFr25bn for majority shareholder Compagnie Financière de Suez and its Belgian allies.

The Belgian holding has always said the operation would take place before the end of this year but given current stock market levels and the high financing costs being borne by its owners the inclination is to go ahead with the issue as soon as possible.

BBL, meanwhile, gave little explanation for its latest rights, which will be added to the BFr2.2bn increase in capital this year arising from an issue of shares to pay for the purchase of French group Banque Louis-Dreyfus and the dividend conversion scheme. BBL group's own funds, including capital, reserves and subordinated loans, currently amount to BFr56.6bn.

BBL pointed out yesterday that the bank was taking advantage of "attractive stock market levels" and that it would now have "the money in hand to carry out any new project." He added: "We do not need the capital for the purpose of improving our equity ratios."

The 12.3 per cent increase in profits to BFr2.4bn in the period from September to March was "favourably influenced by a significant increase in fee business," according to a statement accompanying the figures.

At the end of March the balance sheet total was BFr1707bn, or 9.3 per cent higher than 12 months previously. Client deposits grew 9.6 per cent to BFr789bn, while private sector loans increased 23.8 per cent to BFr717bn.

Maxwell in US publishing link-up

By Raymond Snoddy in London

TWO leading US publishers, Maxwell Macmillan and McGraw-Hill, announced yesterday that they plan to pool their educational publishing businesses in a joint venture partnership.

The new company, the Macmillan/McGraw-Hill School Publishing Company, would have had sales of $440m last year.

The deal covers the elementary, secondary and vocational education businesses of the two companies.

Mr Joseph Dionne, McGraw-Hill's chairman and chief executive, said yesterday that the restructuring of the company's schoolbook operations into an independent entity fitted in with the company's "strategy to develop core businesses with significant market share". There would also be cost savings.

Mr Robert Maxwell, chairman of Maxwell Communication Corporation, who took control of Macmillan last November in a $2.5bn deal, said there were good prospects for a partial public offering of the new company's shares "in due course".

At the same time, McGraw-Hill accepted a Maxwell offer of a 15-year standstill agreement between the two companies – blocking hostile takeover bids.

As part of the deal, Mr Maxwell will receive $190m from McGraw-Hill for Science Research Associates, a vocational and data processing educational publishing company bought from IBM last year and London House, a company specialising in personnel testing.

Mr Maxwell paid a total of $167.4m for the two companies and this will be contributed to the venture by McGraw.

McGraw-Hill divisions going into the new venture include the schools division, Gregg Division, CTB/McGraw-Hill and educational resources.

In 1988, they had revenues of $165m – 9 per cent of the company's total – and operating profits of $8.5m.

Macmillan units included in the new venture are its schools division, Glencoe Division and Barnell Loft operations.

At mid-session yesterday McGraw-Hill's shares were down $5⅞ on the news at $68⅞.

The 50-50 joint venture, which will have its headquarters in Chicago, will be run by Mr Richard Morgan, who recently joined Macmillan as president of its educational publishing operations.

INTERNATIONAL COMPANIES AND FINANCE

Sainsbury growth again tops 20%

By Maggie Urry in London

J. SAINSBURY, the UK retailing group, yesterday announced that for the 10th year in a row profits were up by more than a fifth and Lord Sainsbury, the chairman, said "sales in the current year have started very well."

But the stock market, which has long ceased to be surprised by the company's consistent profits record, was unimpressed, adding just 1p to the shares, which closed at 242p. Brokers' analysts were doubting whether the record could be held for another year. Sainsbury's response was that analysts had said that before – and been proved wrong.

Pre-tax profits in the year ended March 18 were up 21.6 per cent to £375.1m ($615.1m), after a profit-sharing payment of £26.7m ($23.9m). Group sales, including VAT and sales taxes, rose by 13.1 per cent to £5.9bn of which £5.1bn ($4.6bn) were made in the UK.

Earnings per share rose by 22.8 per cent to 16.7p and the net dividend for the year is up 20.2 per cent to 5.05p – slowing the compound growth rate over the last 10 years to 27 per cent a year.

The Sainsbury supermarket chain, the heart of the group, raised its operating profits by 23.7 per cent to £341.8m, on sales 10.9 per cent up at £4.9bn. Like other food retailers Sainsbury's best profits come from its new, large shops. Over a quarter of its sales area is now in stores under three years old.

Although sales volume in the older stores declined, 20 new supermarkets opened during the year, helping Sainsbury increase its share of the total food and drink market from 10.7 per cent to 10.9 per cent.

The cost of continuing expansion is over £500m a year, and in the last year an interest charge of £5.0m compared with a receivable figure of £10.4m. Property profits chipped in £22.8m (£10.8m). At the year-end, balance sheet gearing reached 59 per cent. But since then £240m of finance has been raised, cutting gearing to 34 per cent, even before a property revaluation put a figure of £2.3bn on the group's properties.

Sainsbury took full control of its US food retailing business, Shaw's, in mid-1987, where profits rose by 18.4 per cent to £18.0m. More recently the group took full charge of Savacentre, the hypermarket group formerly a 50 per cent owned associate. Profits here were only 6 per cent up on a comparable basis to £21.2m.

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Confident outlook at Roche

By John Wicks in Zurich

F. HOFFMANN-la Roche, the Swiss chemicals and pharmaceuticals group, expects further progress this year, Mr Fritz Gerber the chairman said yesterday.

He added that it was hoped earnings would again rise more rapidly than turnover. For 1988, group profits rose by 33 per cent to SFr641.5m ($370m) following a 13 per cent sales gain.

For the the first four months of 1989, group turnover increased by 21 per cent to SFr3.18bn, excluding turnover of recent disposals.

Mr Gerber said Roche benefited from weakness of the Swiss franc, particularly the diagnostics division where sales rose by 25 per cent in local currencies – largely dollars – but by as much as 43 per cent in francs.

However, the increase also reflected the acquisition of Medical Laboratories of the US. Drugs turnover in francs increased by 24 per cent, flavours and fragrances advanced by 15 per cent and agrichemicals by 27 per cent.

Following the recent capital restructuring measures, Mr Gerber said Roche would consider a revision of its statutes with a view to enabling the issue of participation certificates. However, there was no intention to introduce the stock "in the next few years."

Italian banks in $213m deal

By Alan Friedman

CREDITO ROMAGNOLO, the second biggest Italian private sector bank controlled by Mr Carlo De Benedetti, has paid around L300bn ($213m) to buy effective control of Banca del Friuli, a cash-rich bank based in northeastern Italy.

The De Benedetti group said last night that Romagnolo had bought a total of 25 per cent of Banca Friuli, paying an average price of L35,000 per share. That would represent a 37 per cent premium on yesterday's L25,500 Milan closing price.

The deal places a total value of L1,200bn on the Friuli bank, which is 57 per cent above its present market capitalisation of L765bn.

Banca Friuli has 82 branches, compared to the 206 outlets owned by Romagnolo. Its deposit base totals L3,476bn, while the combined deposits of Romagnolo and Friuli would amount to L11,450bn.

The most striking aspect of the Friuli deal is that Mr De Benedetti, who has control of Romagnolo despite owning only a direct 2 per cent stake, has reached agreement with a group of other Friuli shareholders including the Benetton family of casual clothing fame to transfer management control of Friuli to Romagnolo.

Edizione Holding, the Benetton family private financial vehicle that is separate from the publicly-quoted clothing company, owns more than half of a 20 per cent block of Friuli shares that is to be pooled with Romagnolo's 25 per cent stake in Banca del Friuli.

The Bank of Italy, which strenuously opposes the idea of industrialists taking control of banks, said last night it had no comment to make on the Friuli deal.

Telefonica lifts profits by 8% in first quarter

By Peter Bruce in Madrid

TELEFONICA, the Spanish telecommunications monopoly, reports an 8 per cent increase in net profit for the first quarter of 1989, to Pta14.3bn ($119.2m), and a 12.4 per cent increase in sales, which reached Pta161.4bn.

Officials at the company, in which the state still has a more than 30 per cent shareholding, said demand for telephone lines was 10 per cent higher than last year, when Telefonica came under heavy criticism for repeated failures in its service.

Telefonica is bring new digital exchanges on line and Madrid and Barcelona are due to be linked by fibre optic cable from the end of this month.

The company is also in the process of simplifying its complex tariff structure. Currently it charges more than 1,000 different tariffs but its new chairman, Mr Candido Velazquez-Gaztelu, wants radical reform.

The Government has already approved a routine tariff revision, under which Telefonica's domestic telephone charges are to rise 9 per cent this year while the high costs of international calls – largely as a result of complaints from business – is to fall by 7 per cent.

For the most part, however, Mr Velazquez has made no major changes in the company's policy since taking office in January.

Tampella takes over Baker Hughes unit

By Our Financial Staff

TAMPELLA, the Finnish engineering and forest industry group, is to acquire the mining machinery operations of Baker Hughes, the US oil, construction and mining services group.

Tampella said the takeover would double the operations of its Tamrock drilling equipment division, which last year had net sales of about $300m.

In 1988 the Baker Hughes Mining Equipment Group had net sales of $227m out of a group total of $2.3bn.

United Scientific makes loss provision

By David Waller in London

SHARES in United Scientific Holdings, a UK manufacturer of defence equipment, fell over 20 per cent yesterday after the company warned of a £5m ($8.2m) provision against future losses and a slump in trading performance over the first half of the year.

A brief statement from USH conceded that the problems of Avimo – its Taunton-based subsidiary which makes night-sight equipment – were "more deep seated than previously thought". This would give rise to a £5m provision against all future losses on two major contracts.

Problems on the same two contracts – worth approximately £17m each – had also hit performance in the six months to the end of March. As a result, the company will report a small trading loss for the period, compared to a pre-tax profit of £5.35m in the same period last year.

Given that the provision is to be taken "above the line" as an exceptional item, the company is likely to report a pre-tax loss of £5m – a £10m reversal in profits. Although analysts were alert to continuing problems at Avimo, the scale of the turnround took them wholly by surprise.

Yesterday'a announcement comes in the wake of a boardroom reshuffle last Autumn when Mr David Fraser, then managing director, was replaced by Mr Derek Cannons. The City was warned then that problems at Avimo would hit the figures for 1987-88 and in due course pre-tax profits were down £1m to £10.1m.

The boardroom upheaval continued yesterday with the announcement that Mr Nick Prest was to succeed Mr Peter Hickson as deputy chief executive.

Mr Cannons said yesterday that he and his management team had spent six months looking at Avimo and had decided to take steps to redress the situation once and for all. The two fixed price contracts had been taken on board in 1986 and the losses associated with them were not the responsibility of the present management.

Elf chief may go in political reshuffle

By Paul Betts in Paris

MR MICHEL Pecqueur is expected to be replaced next month as chairman of Elf Aquitaine, the French state-controlled oil group, by Mr Loik Le Floch Prigent, a former chairman of the state-owned Rhône-Poulenc chemicals company.

The switch is expected to be the first in a series of other changes at the top of major French state groups this summer, in order to find key jobs for industrialists and financiers with close ties with the ruling Socialist party.

Both President François Mitterrand and Mr Michel Rocard, the Socialist prime minister, pledged after the socialist electoral victory last year not to indulge in the traditional political witch hunts which have long been a characteristic of life in the French state sector. In the event, however, the Socialists have continued this long French tradition albeit with greater moderation than in the past.

Michel Pecqueur: presided over profits upsurge

After replacing last year the chairmen of the UAP insurance group, Air France, and the Crédit Lyonnais nationalised bank, the Government has been widely expected to proceed to a second wave of changes this summer on the expiry of a number of fixed term state sector appointments.

Mr Le Floch Prigent was named yesterday to the board of Elf Aquitaine in a preliminary step to what is expected to be his appointment as chairman of one of France's biggest companies at the end of next month. Mr Le Floch Prigent was himself the victim of an earlier witch hunt when the former right-wing Government of Mr Jacques Chirac replaced him three years ago as chairman of Rhône-Poulenc.

He had long been expected to be given a top industry job by the Socialists when they returned to power last year and had conducted during the past months a broad review on the restructuring of the French chemicals industry.

The Government last year went to great lengths to argue that their industrial and financial appointments were primarily motivated by considerations of economic efficiency. In this case, however, they will be hard pressed to sustain this argument.

Mr Pecqueur is widely respected as an industrial manager who has presided over a sharp upsurge in profits at Elf over the last five years. Elf, which reported 1988 profits of FFr7.2bn ($1.1bn) on sales of FFr126bn, is expected to report tomorrow further strong progress over the opening months of this year.

Among other leading state industry chairmen whose futures are the subject of widespread speculation are Mr Alain Gomez, head of the Thomson defence and electronics group, Mr Jean Pierre Capron, chairman of the French nuclear energy agency, Mr François Heilbronner, the head of the Gan insurance group, and Mr Jean Rene Fourtou, the chairman of Rhône-Poulenc who replaced Mr Le Floch Prigent three years ago.

Dr Mario Bortolussi

On the 22nd February we reported the replacement of Dr Mario Bortolussi as chairman of Itab, now London Italian Bank, and that Dr Bortolussi had been deemed not to be "fit and proper" by the Bank of England last year.

The FT now understands that the Bank of England did not in fact make any such designation. The FT apologises to Dr Bortolussi for any distress caused by this report.

Henkel plans rights and US disposal

By David Goodhart in Bonn

HENKEL, the West German chemicals group, yesterday announced a one-for-11 rights issue at DM445 a share to raise DM57.5m ($29.6m). It is also selling its 50 per cent share in a US joint venture with Hercules, the US chemicals group.

Mr Helmut Sihler, Henkel chief executive, explained that both moves were designed to strengthen the company's financial position following the $480m cash purchase of the industrial materials division of Quantum Chemical, the US group in March.

Henkel would not reveal how much it had received for its 50 per cent share of its US joint venture, Aqualon Group. The shares have been bought by Hercules. In 1987 Aqualon, which makes polymers, had sales of $293m.

The rights issue raises Henkel's capital from DM632.5m to DM690m. Earlier this month Henkel raised its dividend on preferred shares from DM8 to DM8.50 and on ordinary shares (all held by the Henkel family) from DM5 to DM5.50 following a 21 per cent increase in net income to DM352m.

Mr Sihler said yesterday he expected another double-figure improvement in sales and earnings in the current year and that sales had risen 9 per cent in the first four months of 1989.

Philips seeks PKI minority

By David Brown in Amsterdam

PHILIPS, the Dutch electronics and electrical group, is bidding for the minority shares in Philips Kommunikations Industrie (PKI), its West German telecommunications unit.

PKI is already 79 per cent owned by Philips' German holding company, Allgemeine Philips Industrie. Minority shareholders are being offered DM500 a share (the shares were suspended at DM693 in Frankfurt on Tuesday). If exercised in full, the offer will cost Philips DM300m ($155m).

Last year, PKI net profits dipped from DM83m to DM74m.

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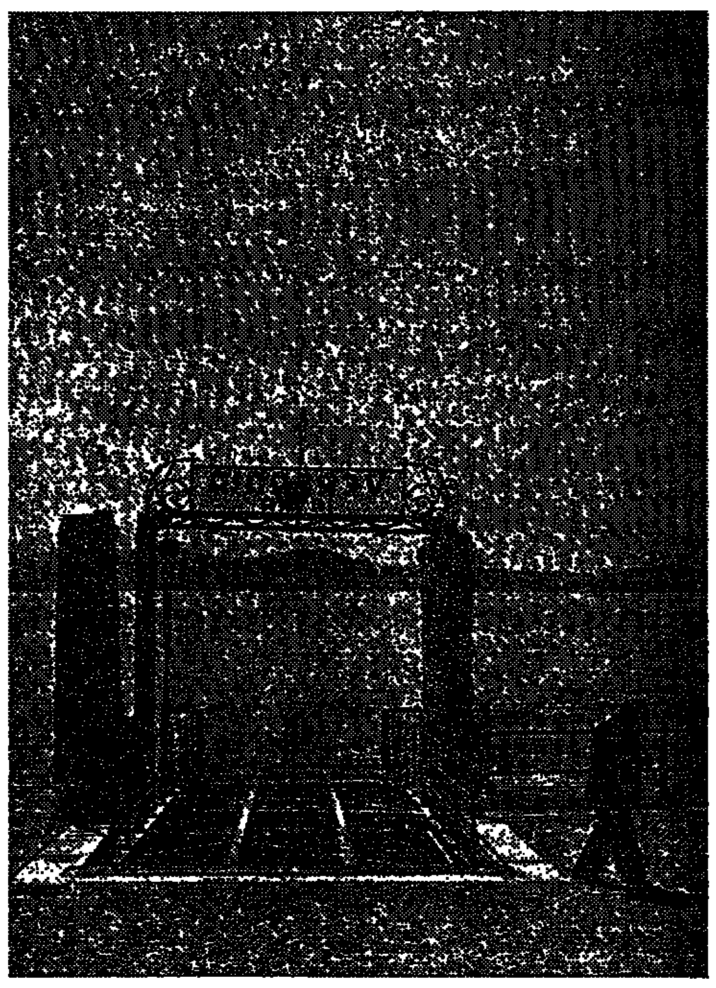

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INTERNATIONAL COMPANIES AND FINANCE

Commerce Secretary opposes aid for HDTV

By Louise Kehoe in San Francisco

MR ROBERT Mosbacher, US Commerce Secretary, told electronics industry executives yesterday that he was opposed to large-scale government funding of high definition television (HDTV) research and development.

Last week, the American Electronics Association, a big industry trade group, presented a proposal for a $1.35bn industry-government partnership to undertake the development and production of HDTV products in the US. The proposal met with great interest among congressional industry supporters, according to the association.

Mr Mosbacher's reaction to the industry plan was not, however, encouraging. "You cannot approach HDTV by asking the US Government to put up the money," he told a group of AEA members in Washington yesterday.

He said, however, the Government would provide some funding for research. The association's proposal calls for an increase in Department of Defence spending on HDTV research from the current level of $30m to $300m over a period of three years.

Mr Mosbacher also reiterated his support for changes in anti-trust laws to permit collaborative industry efforts in manufacturing as well as research and development of high technology products. He said the administration would also support a reduction in capital gains taxes and extension of research and development tax credits.

On Tuesday Senator Albert Gore introduced legislation to require Mr Mosbacher to submit his own plan to Congress and the President on how to create a US HDTV industry.

Senator Gore said government funding of HDTV development was essential. "The investment costs are too high, the risks are too great and the US manufacturing base is too thin," for the private sector to undertake such an effort alone, he said. "But if industry and government work together, it can be done."

In another proposal, Mr Jerry Pearlman, Zenith Electronics chairman, yesterday asked Congress to create a trust fund to pay for the federal portion of the cost of creating an HDTV industry.

The trust could be funded by a $5 tax on every television set sold in the US, he suggested. With sales of about 20m sets a year the tax would raise $100m a year.

Defence cuts clip Northrop wings

Lionel Barber and **Roderick Oram** on the troubled Stealth project

By grabbing the juiciest plum in the bountiful Reagan defence budgets, the $73bn Stealth bomber programme, Northrop was hoping to turn itself from an also-ran to the leader in the defence aerospace industry.

The Los Angeles company prospered mightily as its grand gamble began to pay off. Revenues soared from $1.6bn in 1980 to $5.6bn last year, when the B-2 bomber contributed almost half the total, even though it has yet to fly, and the workforce expanded by two-thirds to 45,000 in the same period.

No defence contractor fared better when the pickings were rich; none is struggling more now that Congress and President George Bush are putting the Pentagon on a stricter diet. Many other contractors – most notably General Dynamics – are still doing fairly well selling to the military.

Northrop, however, is having to fight hard to keep the Stealth bomber alive, let alone preserve it as the money-spinner destined to transform the company. On top of fiscal austerity and questions over the aircraft itself, Northrop's case is being damaged by renewed controversy over the way it has allegedly won and fulfilled some other contracts. Such questions of integrity and competence have dogged it on and off for years.

A federal grand jury charged the company last month with 167 counts of falsifying test results and supplying substandard parts for nuclear-armed cruise missiles and the US Navy's version of the Harrier jump jet. The company, which adamantly denies the charges, faces over $30m in fines, plus damages if it is found guilty.

Defence industry analysts have long speculated that Northrop could become entangled in Operation Ill-Wind, the Government's investigation into Pentagon bribery and bid rigging by contractors.

To a large extent Northrop's future hangs on the deeply troubled B-2 programme. More than a decade ago, the company began to develop technology for an aircraft which would be virtually invisible to enemy radar. Early in the Reagan years it won a contract to develop the Stealth bomber.

Over the 10 years decade it has spent more than $1.8bn of its own money on plants, mostly for the B-2, in addition to large sums of government money. But the highly secret project has suffered from design changes, technical flaws and other setbacks.

Northrop wrote off a total of $214m in 1986 and 1987 for classified work, believed to be on the Stealth bomber. In a further blow earlier this year, Mr Joseph Patierno, the aircraft's designer and project head, died at the age of 54.

Deeply concerned about the unresolved technical problems, delays and a price tag of more than $500m a jet and rising, the Pentagon announced last month it was delaying the B-2 programme by at least a year.

"I would be less than forthright with you," Mr Dick Cheney, the new US Defence Secretary, told Congress, "if I didn't highlight the fact that we've got problems with the B-2, and a lot of work is required before we're going to be able to say how much it's going to cost or when it will be available."

Originally, the US Air Force was hoping to buy 132 B-2s over six years, a production rate that would have boosted Northrop's earnings to at least $580m a year by 1992, one analyst estimated, from last year's loss of some $31m before gains from an accounting change.

The Pentagon's decision was much an attempt to buy time. More far reaching changes are expected in next year's budget when the Administration has a clearer idea on how arms control talks with the Soviet Union are progressing.

With President Bush under great political and economic pressure to keep defence spending flat in real terms or preferably to cut it, the chances are high that Stealth bomber orders will be reduced sharply and spread over more years. Northrop would suffer badly. Even spreading the original number of bombers over 10 years would cut peak profits to some $230m a year, the analyst estimated.

Gearing up for production will also be a big challenge, judging by Northrop's past performance. Before the indictments on cruise missiles and Harriers, it had, for example, run into problems making components for the guidance system of MX missiles.

The $500m Stealth bomber: 'virtually invisible to radar'

Northrop says its performance will revive after it makes the difficult transition from development to production on the B-2.

Revenues will then swing back to being generated 60 per cent by production and 40 per cent by development, a proportion last seen in 1984 when it posted record net profits of $167m. The reverse ratio today is the main reason for meagre profits, it says.

Concern over Northrop's ability to handle the huge B-2 programme, by far its most complex task ever, has rumbled in the background from the start. The company's experience was largely in building the F-5 family of fighters, far less sophisticated aircraft sold widely to Third World countries.

For nearly a decade it had tried to go up-market with the F-20 Tigershark fighter. Encouraged by the Pentagon, it spent $1.8bn of its own money to develop the aircraft but never won an order for it against competition from a much cheaper General Dynamics jet. It killed the project in 1986. The most pessimistic observers are beginning to wonder if the B-2 is the F-20 fiasco writ large.

Efforts to sell the F-20 to South Korea in 1983 are causing headaches for Mr Thomas Jones, Northrop's chief executive since 1960. The board recently reprimanded him for "his management style" on the abortive deal. A grand jury and a congressional sub-committee are investigating allegations that he bribed Korean sales agents.

Mr Jones, 68, is no stranger to such controversy. A hard-driving salesman, he signed a US government consent decree in 1975 agreeing not to bribe foreign officials.

Mr Jones did not admit or deny charges that the company had made $30m of illegal payoffs to foreigners. He stepped down briefly as chief executive in the mid-1970s after he was found guilty of running an illegal campaign fund for President Nixon's 1972 re-election.

Credited through his long career with building up Northrop from near bankruptcy, Mr Jones has agreed to hand over his chief executive role later this year to Mr Kent Kresa, the company's president. He will remain chairman.

Mr Kresa, aged 51 and well respected in Washington from his days as a Pentagon engineer, has proved a highly competent manager during his 14 years at Northrop.

His new tasks are huge. Getting the B-2 right is only part of the battle. He will also have to prove to Congress and the Pentagon that he has built a better company. Only then will Northrop stand half a chance of hanging on to as much of the B-2 programme as the Pentagon's tight finances can afford.

Northrop also needs to build new credibility if it and McDonnell Douglas can come from behind to beat the Lockheed-Boeing-General Dynamics consortium for the contract to build the US's advanced tactical fighter (ATF).

Designed to supersede the F-15, the ATF is the next big military aircraft project, and if Northrop can win a slice of the action to make up for any scaling back of the B-2, it will have a second chance of hitting the big time.

Hewlett-Packard marks time

By Louise Kehoe

HEWLETT-PACKARD reported flat earnings for the second quarter, ended April 30, as the computer and electronics manufacturer's sales mix shifted toward products with lower profit margins.

The results were in line with a projection issued by the company on Monday, but significantly below earlier analysts' forecasts.

Net earnings were $203m or 86 cents per share, compared with $202m or 82 cents last time, on revenues which rose by 15 per cent to $2.86bn from $2.5bn the year before.

The company identified three problems which reduced sales and earnings during the quarter. It said it had had difficulty ramping up production of personal computers, workstations and medical products that are in strong demand. Deliveries of HP minicomputers have been delayed and demand for microwave and communications products has softened.

"We experienced strong orders for most product lines throughout the second quarter, yet our net revenue and profit did not meet expectations," said Mr John Young, president and chief executive. Orders rose by 20 per cent to almost $3bn.

"We know where adjustments need to be made, and are taking corrective steps to rebalance our efforts," Mr Young said.

"We have made some progress – but not enough – on moderating expense growth to balance the lower gross margin we receive from goods sold through dealers and value-added resellers."

For the six months to April 30, net revenue was $5.5bn, up 18 per cent over the first half of 1988, while net earnings rose 4 per cent to $396m, compared with $381m last time. Net earnings per share totalled $1.69, against $1.53.

Hewlett-Packard said yesterday that it expected to complete the acquisition of Apollo Computer, a large computer workstation manufacturer, by next week in a cash tender offer of about $500m.

● Sun Microsystems, the leading computer workstation manufacturer, reduced the price of one of its popular models yesterday in an attempt to compete with high-performance personal computers.

Prices of the Sun386i, which is based on the same Intel microprocessor used in IBM and many other personal computers, were lowered by 10 to 15 per cent on complete workstation configurations, which now start at $8,990.

Eastern's shuttle sale approved

By Roderick Oram

SALE OF Eastern Air Lines' shuttle has been approved in principle by a New York bankruptcy court judge, but he reserved until Monday his final decision on which of two competing bids will prevail.

In addition, two offers to buy the entire airline from Texas Air, its parent, were ruled inadequate by a court-appointed examiner.

Mr David Shapiro said he would give neither serious consideration until the bidders agreed to put up at least $100m in cash.

The offers are from a group organised by Mr Joseph Ritchie, a Chicago options trader, and from Mr William Howard, a former chief executive of Piedmont Airlines.

Texas Air, run by Mr Frank Lorenzo, is opposed to selling Eastern whole. It wants instead to sell the shuttle and other assets worth about $1.8bn so it can pay $1bn of debt and slim Eastern to a size it can operate without existing striking employees.

It took a step toward that goal yesterday by announcing the sale of three three-year-old Boeing 757 and five 16-year-old 727-200 airliners for $150m to United Aviation Services, a leasing company.

Judge Burton Lifland said he would decide on Monday on offers for the shuttle from Mr Donald Trump, the New York investor favoured by Texas Air, and from America West, a young, Arizona-based airline.

● NWA, the parent of Northwest Airlines fighting off a takeover bid from Mr Marvin Davies, the Los Angeles businessman, has set a May 30 deadline for takeover proposals from interested parties.

Southmark unveils $1bn loss

By Roderick Oram in New York

SOUTHMARK, crippled by the Texas real estate crash, has reported a third-quarter loss of $1.04bn which has wiped out its shareholders equity, complicated its efforts to avoid bankruptcy protection and weakened its defences against a proxy fight.

The Dallas-based company, which expanded rapidly on high-cost debt during the early 1980s, attributed the losses to continuing weakness in real estate markets and its "deteriorating financial condition."

The $1.04bn loss was after a $829m provision for possible write-offs on its real estate portfolios and a loss of $104m from discontinued operations involved in the anticipated sale of its insurance holdings. A year earlier its final loss was $12.3m. Revenues were $405.6m, against $430.7m a year earlier.

Shareholders' equity at the March 31 quarter end was a negative $428.5m against a positive $701.1m at June 31, 1988, the end of its previous year.

The company said cash on hand and funds from assets sales to be completed soon should allow it to operate for about two more months. It is trying to restructure $1.1bn of junk bonds to avoid heavy principle payments later this year.

The bulk of the real estate provision is a reserve of $530m for losses on some 400 real estate partnerships the company syndicated during the Texas boom earlier this decade. The provision stemmed from a complete reevaluation of its assets conducted by Price Waterhouse for the new management which ousted the old in January.

The new management is also facing a bitter proxy fight by Mr Herbert Parks, a North Carolina real estate investor. He had been trying to nominate five directors to Southmark's seven-strong board. But the Federal Home Loan Bank Board, the thrift industry's regulatory agency, has limited him to three because Southmark owns a big thrift institution.

Bouriez group buys SES chain for FFr1.4bn

By Paul Betts in Paris

MR Reginald Lewis, the former lawyer turned Wall Street financier, yesterday sold Société Européenne de Supermarches (SES), a large retailing chain based in the French *eastern region of* Alsace-Lorraine, to the French Bouriez group for FFr1.4bn ($214m).

The chain was part of the European interests Mr Lewis acquired during his $985m leveraged buy-out of the international assets of the US Beatrice Foods group three years ago.

These assets were grouped in the TLC Beatrice International Holdings company headed by Mr Lewis.

Toys 'R' Us posts strong results in first quarter

By Karen Zagor in New York

TOYS "R" Us, the largest US toy retailer which is building up its presence in Europe, yesterday reported strong first-quarter earnings and sales.

Net income for the three months ended April 30 was $27.1m or 21 cents a share, against $22.5m or 17 cents the previous year. Sales jumped 18.6 per cent to $767.7m from $647.2m. The company is splitting its shares three-for-two effective May 26.

Mr Charles Lazarus, chairman and chief executive, said: "The company's gains reflect our continuing success in increasing the sales productivity in our stores."

He added that the first-quarter comparable US toy store volume was up 4.5 per cent.

The Paramus, New Jersey, based company opened 12 Kids "R" Us apparel stores in February and a further 13 are due to be opened before the "important back-to-school selling season".

Toys "R" Us plans to open 67 toy stores this year and will expand into France and Taiwan. The company already has 358 stores in the US, and 124 Kids "R" Us stores.

There are 52 Toys "R" Us stores outside of the US, including 23 in Canada, 18 in the UK, seven in Germany, two in Singapore, one each in Hong Kong and Malaysia.

INTERNATIONAL COMPANIES AND FINANCE

Strong Japanese housing market boosts Haseko

By Robert Thomson in Tokyo

HASEKO, a Japanese construction company expanding its interests in luxury condominium development, achieved annual pre-tax profits of Y27.16bn ($198m), just short of the company's record profit of Y28.58bn.

The company has become well-known for its high-rise condominiums, and has begun developing hotels, with planned openings of two projects in the next two years. The previous earnings report covered only 10 months because of a change in the company's accounting year, which now ends in March — profit for that 10-month period was Y21.05bn.

Strength in the domestic housing market, particularly at the luxury end, has contributed to strong growth in sales, though the company is concerned by the potential impact of a recently introduced consumption tax and a shortage of construction workers.

● Fujita, prominent in redevelopment projects in the Tokyo area, announced pre-tax annual profits of Y25.9bn on sales of Y538.4bn, and reported continuing growth in orders for apartments. About 22 per cent of orders were from the public sector, with the majority from the private sector.

The company has also changed its accounting year. The last full-year results to November 1987 showed pre-tax profits at Y30.02bn and sales of Y491.89bn. Fujita, also concerned by a labour shortage this year, is attempting to develop labour-saving construction techniques.

It expects that profit will rise by about 10 per cent this year with a 15 per cent increase in sales.

Philippine bank in 30% sell-off

THE state-owned Philippine National Bank yesterday signed a memorandum of agreement with the country's securities brokers and investment houses to offer 10.8m shares at 170 pesos per share, equivalent to 30 per cent of the bank's 36m shares outstanding, AP-DJ reports from Manila.

The total raised will be 1.84bn pesos ($85m), with underwriting fees and commissions amounting to 55.08m pesos. Mr Reynato Sarmiento, National Bank's senior vice president, said the co-underwriters, composed of the country's 17 biggest investment houses, signed a "firm commitment" to ensure the dispersal of two thirds of the issue through the Manila and Makati stock exchanges. One third will be sold through National Bank branches nationwide.

At least 92 of the country's securities brokers, 47 from Manila and 45 from Makati, will act as selling agents.

National Bank's stock dispersal programme is part of President Corazon Aquino's campaign promise, during the snap presidential poll in 1986, to privatise government entities. Last year the bank had a net profit of 1.85bn pesos, up 82.8 per cent. Earnings per share were 51.29 pesos against 28.05 pesos. The month-long offer period begins on May 22.

Fedfood increases sales in line with prices index

By Jim Jones in Johannesburg

FEDFOOD, one of South Africa's largest food groups, marked time during the year to March with turnover simply rising in line with the food component of the consumer price index.

Fedfood's sales rose to R1.15bn ($431.9m) from R1bn. Operating income, before interest and tax, rose by 29 per cent to R100m from R77.5m.

Tiger Oats, a main competitor, recently reported turnover and profits up by a third, though with the help of recent diversifications outside the food sector.

Mr Jan du Toit, Fedfood's managing director, says all units increased their turnover and profits. Marine Products, the fishing subsidiary, made greater catches of pelagic fish and was the largest individual contributor to the attributable taxed profit. Baking recorded a fractional attributable profit increase.

Mr Du Toit believes expansion opportunities will arise soon. He says two new projects are being negotiated and that Fedfood is planning an acquisition in a new food sector.

Net earnings increased to 156.6 cents a share from 129.3 cents and the total dividend has been raised to 45 cents from 38 cents. Fedfood is controlled by Federale Volksbeleggings, the investment group.

Wing On shows fourfold rise

WING ON Holdings, a Hong Kong insurance, department store and property group which has spent the last two months fending off a takeover attempt, said yesterday that after-tax profit quadrupled to HK$192m (US$24.6m) last year from HK$48m, AP-DJ reports from Hong Kong.

Turnover rose 16 per cent to HK$1.4bn. Wing On said it would boost its final dividend to 6 cents, bringing its full-year payout to 10 cents, following 1987's 6 cent total.

Wing On, which is controlled by the Kwok family, received a takeover bid in March valued at HK$2.25bn or HK$17 a share from New World Development for the 72.8 per cent of the company it did not already own. Wing On rejected the offer.

Kyocera advances 18.2% to Y50.37bn

By Robert Thomson

KYOCERA, the Japanese semiconductor parts and bioceramics company, yesterday announced an 18.2 per cent increase in annual pre-tax profit to Y50.37bn ($368m) despite strong competition in integrated circuit packaging.

The company has struggled to meet profit expectations in recent years but the latest results show that sales rose from Y271.17bn to Y299.20bn, reflecting the strength of the electronics sector.

Growth this year is expected to be more modest, with pre-tax profit forecast at Y53.12bn on sales of Y320.47bn.

Kamunting issue

KAMUNTING of Malaysia is to issue new shares and convertible loan notes worth 592m ringgit (US$220m) to finance its planned purchase of a 29 per cent stake in Multi-Purpose Holdings, the target of a controversial 1.13bn ringgit takeover bid from Singapore's Hume Industries, Reuter reports from Kuala Lumpur.

Kamunting will issue 296m new shares at 1 ringgit each and 296m ringgit in 1 per cent redeemable convertible loan notes.

Singapore Land up

SINGAPORE LAND, a local property company, showed a rally in group net profits to S$5.7m (US$2.9m) for the half-year to February from S$1.8m, Our Financial Staff writes.

This was despite a dip in turnover to S$26.6m from S$27.4m.

Shinpan-ANZ link

NIPPON SHINPAN has tied up with ANZ Bank to extend loans to Japanese investors buying property in Australia. ANZ will extend mortgage-backed loans in yen and Nippon Shinpan will stand guarantee, Reuter reports from Tokyo.

INTERNATIONAL APPOINTMENTS

Chief for Kalgoorlie Gold and its 'super pit' project

By Kenneth Gooding, Mining Correspondent

THE MAN who will have prime responsibility for one of the world's biggest gold projects, construction of the "super pit" which will link and consolidate a number of Western Australia's major gold mines on Kalgoorlie's Golden Mile, is Mr Ian Burston.

He has been appointed chief executive of Kalgoorlie Consolidated Gold Mines, the joint venture company recently set up by Bond Gold and Homestake Gold of Australia, which will develop the 3½-mile long "super pit."

Apart from a brief period in 1969-70, Mr Burston has spent 22 years with CRA, the Australian arm of the RTZ Corporation, of the UK.

He has a wide experience of large-scale mining, including some years as managing director of Hamersley Iron. His most recent position was vice president - Western Australia Business Development at CRA.

★ ★ ★

PHELPS DODGE, the largest US copper producer, named Mr Thomas St Clair chief financial officer and senior vice president.

Mr St Clair, 53, will also be a member of the senior management committee. Previously treasurer and chief financial officer for Koppers, he replaces Mr Edson Foster, who retired at the end of January.

★ ★ ★

ALFA-LAVAL AB, the Swedish dairy equipment and process engineering group, appointed Mr Lars Kylberg president and chief executive at the company's annual meeting.

Mr Kylberg, 49, has also become chairman of Alfa-Laval Ltd., holding company for the group's interests in the UK.

The positions were all held by Mr Harry Faulkner, who has retired. Mr Kylberg was previously with Incentive AB, a Swedish diversified industrial trading group, where he was president for five years.

Canadian National Railways chief to head troubled Via Rail service

By Robert Gibbens in Montreal

MR RONALD Lawless, 65, head of Canadian National Railways, has taken on the additional job of president at troubled Via Rail, the Crown corporation which provides almost all passenger rail service in Canada.

The Federal Government plans to cut Via Rail's operating subsidies from the C$600m for 1988 to C$250m for 1993 and Mr Lawless will revise Via's business plans by the end of June.

Mr William Morin, a senior CN officer, will become executive vice president of Via with responsibility for day-to-day operations.

★ ★ ★

MR LEONCE Montambault, president and chief executive of Bell Canada, the Eastern Canada telephone utility, has been named chairman in succession to Mr A.J. de Granpre on the latter's retirement.

Mr Jean Monty assumes the role of president, moving over from BCE Inc, the parent company, where he was executive vice president – corporate.

★ ★ ★

CANADIAN Pacific, the diversified Montreal based conglomerate, has elected Mr William Stinson as chairman, in addition to his other top positions of president and chief executive officer.

Mr Stinson, the corporation's president since 1981 and CEO since 1985, succeeds Mr Robert Campbell as chairman. The latter has retired but remains a director of the group.

★ ★ ★

THE Canadian Seagram group, the world's largest drinks concern, has appointed Mr Hubert Millet to the new position of chief executive of the Seagram group of companies in France.

Mr Millet, who will also have the title of vice president, Seagram International, was previously with Cointreau Group for 12 years, seven of which he served as president and chief executive.

★ ★ ★

DAI-ICHI MUTUAL Insurance will appoint Mr Kunihiko Inakage, at present vice president of the World Bank, as chairman of Dai-ichi Mutual Life International (UK), its British unit, on August 1.

Mr Inakage, former managing director of the Bank of Tokyo and head of its London office, is to leave the World Bank in June. He has held his World Bank post since 1986. At Dai-ichi, he will be in charge of investment and loan management activities in Europe.

PUBLIC WORKS LOAN BOARD RATES

Effective May 17

Years	Quota loans repaid by EIP†	AP††	at maturity§	Non-quota loans A* repaid by EIP†	AP††	at maturity§
1			12			12¾
Over 1 up to 2	11⅞	11⅞	11⅜	12⅞	12⅞	12⅛
Over 2 up to 3	11½	11½	11	12½	12½	11¾
Over 3 up to 4	11¼	11¼	10⅞	12¼	12¼	11⅝
Over 4 up to 5	11⅛	11	10¾	12⅛	12	11½
Over 5 up to 6	11	11	10¾	11½	11½	11¼
Over 6 up to 7	10⅞	10⅞	10¾	11⅜	11⅜	11¼
Over 7 up to 8	10⅞	10⅞	10⅝	11⅜	11⅜	11⅛
Over 8 up to 9	10⅞	10¾	10½	11⅜	11¼	11
Over 9 up to 10	10¾	10¾	10¼	11¼	11¼	10¾
Over 10 up to 15	10⅝	10⅜	9⅞	11⅛	10⅞	10⅜
Over 15 up to 25	10	9¾	9½	10½	10¼	10
Over 25	9⅝	9½	9⅜	10⅛	10	9⅞

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

INTERNATIONAL CAPITAL MARKETS

Citicorp launches attack on Japanese bank citadel

Stefan Wagstyl on a US group's expansion plans

Most foreign bankers in Tokyo would not touch retail business with a barge-pole. There is no point, they say, in attacking the huge Japanese banks in their strongest field.

Citicorp, the US banking group, takes a different view. The company rejects the idea that in Tokyo foreign banks can only make money by sticking to areas where they have some potential competitive advantage over Japanese rivals, such as foreign exchange.

So the bank has committed itself to building a branch network of perhaps 30 branches. Currently it has eight, with the opening today of a branch in Aoyama, a smart residential district in central Tokyo.

Citicorp started down the retail-expansion road 3½ years ago when it established a consumer group, staffing it largely with employees transferred from corporate banking, where business had been hit by a decline in Japanese industry's need to borrow.

The bank tried to get off to a flying start by attempting to buy Heiwa Sogo, a mutual bank which had run into financial trouble but which had a large branch network centred on Tokyo. Citicorp was told Heiwa would be sold only to a Japanese bank – it was eventually sold to Sumitomo Bank.

So Citicorp decided to build its own branch network, instead of buying one. But its progress was slow – until the end of last year it had opened only one new branch, the other six had long been operated by the bank.

Bankers at other foreign companies doubted whether Citicorp's plans would ever come to fruition. They suggested that Citicorp's moves owed more to the public commitment to retail banking worldwide of Mr John Reed, its outspoken chairman, than to any specific plan for Japan.

However, the pace of Citicorp's expansion is picking up this year with today's Aoyama opening and another branch planned for the autumn. Citicorp says three or four more branches are in the pipeline.

Mr Masamoto Yashiro, head of the consumer services, denies the bank has been slow in developing its strategy. "It takes time when you start from zero," he says.

However, outsiders feel the pace has quickened noticeably since Mr Yashiro was appointed to the job earlier this year. He joined the bank after retiring as president of Esso Sekiyu, the Japanese affiliate of Exxon, the US oil group.

Mr Yashiro says that, in time, Citicorp could be opening five branches a year. Staff will double from an average of 250 last year to nearly 500 next year. The operation is not a profit-maker as it is still in the investment stage. "If you have a long-term objective you have to have a very long-term view of the future. So far, we are performing as we predicted," Mr Yashiro says.

Citicorp's strategy is to seek wealthy individuals, who would bank with it in addition to one or more Japanese banks.

The bank intends to concentrate on Tokyo and Osaka. The typical customer would probably be a frequent foreign traveller, possibly using Citicorp for international banking services. Mr Yashiro says: "We have an international flavour."

The bank's foreign currency deposits currently account for more than half the total deposits it takes from individuals. It is expanding the issue of credit cards and is considering launching other added-value services – but will not say yet what they are.

Citicorp believes this mix will distinguish it from local banks sufficiently to persuade the Japanese to open accounts.

Mr Yashiro says: "We will emphasise our uniqueness." He believes considerable headway can be made by offering good services. That means handling customers' accounts well, not offering them cups of coffee.

Citicorp will not disclose figures which might enable outsiders to measure its progress, including the number of customers. Mr Yashiro says the total has doubled every year, starting from a small base.

Banking industry analysts believe the deregulation of consumer banking in Japan should create opportunities for offering new services. However, Citicorp faces formidable difficulties from Japanese banks.

These banks have already forced Citicorp to abandon a plan to handle international transactions on behalf of the Japanese post office. The banks were concerned that even though Citicorp's own network in Japan is tiny in comparison with their network of more than 300 branches, a link between Citicorp and the post office, which has 14,000 outlets, was too dangerous to contemplate.

An article on Citicorp's European strategy appeared on Monday.

MR JOHN REED, Citicorp's chairman, says he is optimistic about prospects for his group in Japan now that the financial system is being opened up, writes David Lascelles, Banking Editor.

In an interview last week, he said the country was important to the group both for the domestic opportunities it offered and its links to the international markets of Europe and North America. "They are clearly related to each other," he said.

Mr Reed also disclosed that Citicorp's equities business in Japan was now operating at a profit after a period of losses. Last year, Citicorp made net profits of $277m in the Asia-Pacific region, out of total profits of $1.86bn. This was up from $24m the year before.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on May 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9½ 95	600	99⅝	100	0	+1⅛	9.41
Austria 9⅝ 93	140	100⅜	100¾	-0⅛	+1	9.45
B.F.C.E. 7 92	150	93½	94	0	+0⅞	9.57
B.F.C.E. 9¼ 95	150	98⅝	99⅛	0	+1⅝	9.47
Brit. Tel. Fin. 9⅜ 98	250	98¾	99⅜	0	+1½	9.52
Campbell Soup 9⅛ 93	100	†97¼	97¾	+0⅛	+0⅞	9.81
Canada 9 96	1000	100	100⅜	0	+1⅛	8.96
Canadian Pac 10¾ 93	100	†101½	102½	0	0	10.11
C.C.C.E 9¼ 95	300	99	99⅜	0	+1½	9.44
C.N.C.A 9¾ 93	150	99¾	99¾	-0⅛	+1	6.50
Credit National 8¼ 93	200	95⅝	96⅛	-0⅛	+0¼	9.55
Credit National 7⅜ 92	100	94½	95	0	+0⅜	9.50
Credit National 9½ 92	160	100½	101⅛	0	+0⅜	9.21
Dai-Ichi Kan 9⅜ 92	150	99⅝	100⅛	0	+0⅝	9.63
Denmark 7⅛ 92	500	93⅝	94⅛	-0⅛	+0⅝	9.70
E.E.C. 7 91	100	94½	95	0	+0⅞	9.37
E.E.C. 7¼ 93	250	92¾	93⅛	0	+1	9.47
E.E.C. 10 93	140	102	102⅜	0	+0⅞	9.31
E.I.B. 7⅝ 93	100	93⅛	93⅝	0	+1⅛	9.45
E.I.B. 9⅜ 97	150	99¾	100⅛	0	+1⅝	9.36
Eurofima 10⅛ 93	100	†102⅜	102⅞	+0⅛	+1¼	9.26
Elec. De France 9 98	200	97⅛	97⅝	+0⅛	+1⅞	9.44
Elec. De France 9½ 99	200	99¾	100⅛	0	0	9.51
Finland 7¾ 97	200	91⅛	91⅝	-0⅛	+1¼	9.49
Finn.Exp.Cd. 8½ 92	200	97⅛	97⅝	+0⅛	+1	9.58
Finn. Exp. Cd. 9⅜ 95	200	99	99⅜	+0⅛	+1¼	9.51
Ford Motor Credit 8 91	250	†96¾	97⅛	+0⅛	+0⅜	9.82
Ford Mtr. Credit 10 92	200	–	–	–	–	–
Gen.Elec.Cap.Corp. 9 93	500	†97¾	98¼	+0⅛	+0⅞	9.54
Gen.Elec.Cap.Crp.10 1/291	300	101⅝	102⅛	+0⅛	+0⅜	9.31
Gen.Mtrs.Corp. 9⅛ 92	200	98¼	98¾	+0⅛	+1	9.67
IBM Credit Corp. 8⅞ 91	250	98½	99	0	+0⅜	9.42
IBM Credit Corp. 9½ 92	250	100	100½	0	+0⅜	9.36
IBM Credit Corp. 10 92	200	101⅝	102⅛	+0⅛	-0⅛	9.25
Italy 9½ 95	1000	99¾	100⅜	0	+1¼	9.48
Italy 9⅝ 99	1000	†100¼	100¾	+0⅛	+2	9.53
Japan Dev. Bank 10 96	200	–	–	–	–	–
L.T.C.B.of Japan 9¼ 92	200	98⅞	99⅜	+0⅛	+1	9.52
Metropolis Tokyo 9½ 93	200	100⅛	100⅝	0	+0⅞	9.34
Nippon Tel.&Tel. 9⅜ 98	250	99⅛	99⅝	+0⅛	+1½	9.44
Norway 8¼ 93	500	97⅝	98⅛	0	+1	9.42
Portugal 8¼ 91	300	†96¾	97⅜	0	0	10.00
Prudential Crp. 8¾ 94	125	98½	99⅛	0	+1⅞	9.05
State Bk S Aust 9¼ 93	100	†98⅝	99¼	+0⅛	+1¼	9.55
Sumitomo Bank 9⅜ 92	150	†99¾	100¼	+0⅛	+1	9.59
Sweden 7 91	250	94⅝	95⅛	+0⅛	+0⅜	9.46
Sweden 8¾ 96	200	96⅝	97⅛	0	+1⅛	9.38
Sweden 8½ 92	200	†97	97½	+0⅛	+1	9.49
Toyota 9½ 91	200	99⅜	100	-0⅛	+0⅜	9.62
Victorian Rep 11⅜ 92	150	104⅜	105	0	+0⅜	9.74
World Bank 7 92	300	†94¼	94¾	0	+0⅜	9.37
World Bank 9 97	300	97½	97⅞	0	+1⅝	9.39
World Bank 9 93	300	99⅛	99½	-0⅛	+1¼	9.21
World Bank 9¼ 98	300	98⅝	99	0	+1⅝	9.44
World Bank 9⅜ 99	500	101⅛	101½	0	+1¾	9.41
Average price change... On day +0 on week +1⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	94⅞	95⅝	+0⅜	+0⅞	7.05
Austria 6¾ 99	750	96¼	96⅝	-0⅜	-0⅜	7.27
Bank of Tokyo 5¾ 93	100	94¾	95¼	-0½	-2	7.30
Commerzbank o/s. 5⅜ 93	300	94⅞	95⅜	-0⅛	-0⅜	6.92
Credit Foncier 6¾ 99	500	96¼	96½	-0¼	-0⅜	8.30
Degussa Int. 6⅛ 97	200	94⅛	94⅞	-0½	-0½	7.03
E.I.B 5½ 98	150	88⅛	88⅞	-0¼	-1	7.29
E.I.B. 6¼ 99	600	93½	94⅛	+0⅛	-0¼	7.16
E.I.B. 6⅛ 96	300	93⅞	94⅝	-0⅛	-0⅜	7.18
E.I.B. 6½ 99	300	94⅞	95⅝	0	-0¼	7.19
E.I.B. 6⅞ 95	300	98½	99¼	-0⅛	-0⅜	7.08
Euro.Coal& Steel 5⅞ 97	175	92	92⅝	-0⅛	-0½	7.19
Eurofima 6¼ 96	100	94	94⅝	-0¼	-1	7.31
Elec De France 5¾ 97	300	91⅝	92⅛	-0½	-1⅜	7.08
Forsmark Krtg. 5⅛ 93	200	92⅝	93⅛	-0¼	-0½	7.30
Hydro-Quebec 6¾ 99	300	96¼	96⅝	-0⅛	-0⅜	7.27
Japan Dev. Bk. 5⅜ 95	300	92½	93¼	-0⅜	-1¼	6.87
Japan Finance 5¾ 97	100	91⅞	92⅝	0	+0¼	7.08
Ireland 6½ 97	300	94¾	95¼	-0½	-1	7.35
Malaysia 6⅛ 94	150	95⅝	96⅜	-1	-1⅜	7.20
Nat. West BK. PLC 6 98	300	91⅝	92⅜	-0½	-0¼	7.24
N.H.L. Finance 6¼ 95	200	†93¼	93¾	-0⅜	-2¼	7.54
Nippon Telg.&Tel. 6 95	400	95⅛	95⅞	-0¼	-0½	6.40
Oesters. Kontbk. 5 93	300	94⅛	94¾	-0¼	-0⅜	6.76
Portugal 5¾ 92	150	97⅛	97⅞	+0⅛	-0⅛	6.63
Portugal 6⅝ 95	150	98¾	99½	0	+0⅜	6.79
Privatbanken 5¼ 93	150	93¼	94	+0⅛	+0⅛	7.23
Royal Insurance 5½ 92	300	96	96½	0	-0⅜	6.97
Soc Cent Nuclear 7⅛ 95	150	100¼	101	0	-0⅜	7.11
Turkey 6½ 95	500	94⅝	95⅜	-0½	-0½	7.57
Union Bk.Finland 5½ 94	200	93⅞	94⅝	+0⅛	-0¼	7.01
Westlb. Finance 5 93	200	†92⅞	93⅜	0	0	7.12
World BK. 6¼ 97	600	94¼	94⅞	-0⅛	-0¼	7.55
Average price change... On day -0¼ on week -0⅝						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†91¼	91½	-0⅜	+0⅛	6.53
Asfinag 5 03	100	†86½	86¾	+1⅛	+0⅞	6.46
B.F.C.E. 4½ 98	200	†88	90	-0½	-0½	6.10
B.M.W.Fin.Neth. 5 13	150	†86	87	0	-0¼	6.08
Britannia B/S. 4¾ 94	100	†89	90	+0⅞	-1⅞	6.76
CIR. Int. W/W 3 93	125	†89	89⅛	0	-1	6.02
Credit Lyonnais 4¼ 00	100	†84	85	-0¼	-0½	6.79
E.I.B 4⅝ 98	150	†88¾	89¼	+0¼	+0⅜	6.24
Fletcher Chall. 4⅞ 98	150	†88½	89½	+0¼	+0⅞	6.54
Kobe City 4⅝ 98	150	†90	91	+0⅜	+1	6.00
Leeds Perm. B/S. 4⅛ 93	200	†91	92	-0⅛	-0¼	6.66
Malaysia 5⅛ 98	100	†83	83½	+0¼	+1⅛	7.89
Maxwell Comm.Crp. 5 95	150	†83	84	-1	-4	8.59
Nat. Bk. Hungary 5½ 94	75	†95¼	95½	0	-1	6.50
Nationwide Ang.B/S. 4 93	200	†90¼	90¾	-0⅜	-1¼	6.73
Nippon Telg.&Tel.4¼ 95	200	*†92½	92½	0	0	5.70
Oesters.Ktbk. 5 03	75	†90½	92	-0⅜	+1⅛	5.95
Prov. Newfoundland 5 03	150	†89½	90	-0¼	-0⅜	6.07
Thailand 4⅝ 95	200	†91	92	0	+0¼	6.33
World Bank 5 03	150	†85½	85¾	0	-1¼	6.58
Average price change... On day 0 on week -0⅜						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	101½	101¾	-0⅛	-0¼	5.12
Canada 5⅝ 93	80	101⅞	102⅛	-0⅛	0	5.08
Eurofima 5 1995	20	99⅛	99⅝	0	+0⅛	5.12
E.I.B. 4⅞ 93	30	98⅞	99⅛	-0⅛	0	5.17
Ireland 5⅛ 93	30	99¾	100¼	-0⅛	0	5.12
Norway 5⅛ 95	50	100¼	100⅜	-0⅛	+0⅛	5.07
Sweden 4⅝ 93	50	97⅞	98¼	-0⅛	-0⅛	5.19
World Bank 5¼ 98	10	99	99⅜	-0⅛	+0⅛	5.25
World Bank 7 94	20	107⅞	108⅜	0	0	5.10
Average price change... On day -0⅛ on week 0						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS.10¼ 93 £	50	94¾	95⅜	-0⅛	+0⅛	11.95
Abbey Nat. 11⅝ 95 £	100	98¾	99¼	0	+0½	11.84
Alg. Bk. Ned. 5½ 92 FL	150	94¾	95⅛	-0⅜	-0⅜	7.57
Alg. Bk. Ned. 5¾ 93 FL	200	†95⅛	95⅝	-0⅛	-0½	7.16
Austria 7½ 94 ECU	100	95⅛	95⅝	-0⅛	+0¼	8.70
Bk.Nova Scot.14⅝ 90 A$	75	96⅛	97⅛	0	+0⅛	16.86
Barclays Aus.13¼ 91 A$	100	96¾	97⅛	-0⅜	-0⅜	14.95
Belgium 8⅛ 94 Ecu	150	97¼	97⅞	0	+0⅛	8.77
BP Capital 9¾ 93 £	100	94	94½	0	+0¼	11.65
British Airways 10 98 £	100	91⅞	92⅜	0	+0⅜	11.45
Buhrmann-Tet. 6¾ 93 FL	100	96⅜	96⅞	-0¼	-0⅜	7.33
Comm.Bk.Aust. 12⅝ 93A$	100	†92⅛	92⅝	-0⅜	-0⅜	15.29
Coop.Ctr.Rabo.6¾ 93 FL	100	†98⅞	98⅞	+0⅛	-0⅛	6.67
CrLocalFrance 9¼ 92Ecu	100	101⅜	101⅞	+0⅛	+0⅛	8.61
Dent. Bk.Aus. 13⅞ 93 A$	125	†97½	98	-0⅜	-1¼	14.01
Deutsche Bk.Fin. 15 94 A$	100	101¼	101¾	-0½	-0¼	14.54
Eastman Kodak 13 90 A$	100	95⅝	96	-0⅜	0	16.79
E.I.B. 7 96 LFr	100	96¾	97⅜	0	-0⅜	7.50
E.I.B. 9 99 Ecu	150	99⅞	100⅜	+0⅛	+0⅛	8.98
Elec.France 10¼ 95 C$	125	†98⅝	99⅛	0	+0¼	10.50
Eurofima 7⅝ 94 Ecu	100	95⅝	96⅛	0	-0¼	8.71
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†96⅞	97⅜	0	+0¼	10.90
Fed.Bus.Dv.Bk.10½ 93C$	50	98¾	99⅜	-0⅛	+0⅝	10.79
Ferr. Stato 7¼ 93 Ecu	100	96	96½	0	+0¼	8.89
Ford Cr.Can.10¼ 93 C$	100	†98⅝	99⅛	0	+0¼	11.10
Ford Cred.Can.10⅞ 96C$	125	99¾	100¼	-0⅛	+0⅝	10.86
Ford Mtr.Cred.7⅞ 93Ecu	100	96⅜	96⅞	0	+0⅛	8.96
G.M.A.C. 9¾ 93 C$	150	†95½	96	0	+0¼	11.13
Hydro-Quebec 11 99 C$	400	101⅛	101⅞	0	+1	10.77
Lloyds Bank 10¼ 98 £	150	92¾	93¼	0	+0⅛	11.54
Lloyds Bank 11⅝ 98 £	100	96⅛	96⅝	0	+0⅛	12.00
Montreal Tst.10¼ 93 C$	100	†97⅞	98⅜	0	+0¼	11.32
Morgan Guar.Tst. 11 91 C$	150	99½	100¼	0	+0⅛	11.08
Nat. Aus. Bk. 14¾ 94A$	100	†98½	99	-0¼	-0¼	15.08
New Zealand 9½ 93 £	100	92⅞	93⅜	0	+0¼	11.77
Phillips Gleoll. 6 93 FL	300	†95⅛	95⅞	-0⅛	-0⅝	7.23
Privatbanken 7½ 94 LFr	500	98	99	0	-0¼	7.88
Royal Bk.Scot.10⅝ 98 £	125	94⅝	95⅛	0	+0¼	11.62
Saskatchewan 9¾ 91 C$	150	†97⅜	97⅞	0	+0¼	11.12
Saskatchewan 10¼ 93 C$	200	98	98½	0	+0⅝	10.72
State Bk.NSW. 13⅞ 93A$	100	†96⅜	96⅞	-0¼	+0¼	14.87
Sweden 15 94 A$	100	†102½	102⅝	-0½	-0¼	14.25
Union Bk. Switz. 7½ 93	150	†97	97½	0	+0⅛	8.23
World Bank 13⅜ 92 A$	100	100⅛	100⅝	-0⅜	-0¼	13.17
Zentrapk. 13¼ 93 A$	75	†97⅞	98⅝	-0⅜	0	13.79

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.98	100.04	18/07	13.08
Bank of Greece 99 US	0¼	99.48	99.58	8/09	10.62
Belgium 91 US	0	100.19	100.29	19/08	9.38
Chelt. & Gloucester 94 £	.063	99.82	99.87	30/05	13.47
Credit Foncier 98 US	.063	100.13	100.23	20/10	10.16
Dresdner Finance 99 DM	.031	99.86	99.96	27/07	6.59
EEC 3 92 DM	0	100.64	100.74	20/08	5.63
Halifax BS 94 £	.1	99.99	100.04	6/08	12.97
Invt. In Industry 94 £	0⅛	100.00	100.10	24/05	13¼
Leeds Perm. B/S. 94 £	0⅛	100.10	100.15	13/07	13.34
Midland Bank 01 £	.1	98.22	98.63	11/08	12.97
Milk Mkt.Brd. 5 93 £	0⅛	99.92	99.97	30/06	13.06
New Zealand 5 97 £	.07	100.07	100.17	22/05	13.06
State Bk. New. 98 US	.188	100.41	100.51	11/08	9.87
Woolwich Equit. BS. 93 £	0⅛	100.12	100.17	13/07	13.37
Woolwich 5 95 £	0⅛	100.03	100.08	19/05	13.12
Average price change... On day +0.00 on week +0.03					

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	116¾	117½	-0⅛	8.38
Amer. Brands 7¾ 02 US	9/87	56.7	123¾	124½	+0½	1.44
Ashikaga Bank 2¼ 02 US	4/87	967.	129	130	-2⅛	2.71
Asics 5 92 DM	12/83	472.7	256½	257⅞	0	3.65
CBS. Inc. 5 02 US	4/87	200.	99¾	100½	-0⅛	3.69
Primerica 5½ 02 US	4/87	66.75	66½	67¼	0	110.07
Eng.China Clay 6½ 03 £	9/88	4.8	107¼	108	0	4.15
Fujitsu 3 99 US	5/84	1106.	225	225⅞	-8⅞	-1.43
Land Secs. 6¾ 02 £	6/87	6.72	96¾	97¾	-0¼	10.15
Minolta Camera 2¼ 94DM	2/86	1004.	114¾	115⅜	-0⅝	5.44
Mitsubishi Bk.1¾ 02 US	9/87	3157.	119⅛	121¼	-0⅛	7.73
Mitsubishi Bk. 3½ 04US	5/89	3266.	97	97¾	-0⅛	2.85
Mitsui Trust 2⅞ 01 US	10/86	1903.	121⅛	122⅞	-6⅞	-4.12
Next Plc 5¾ 03 £	11/87	4.3	98¾	99¾	-0⅛	191.58
Nikko/Nipp.Bk.2⅝ 03 US	4/88	804.	117	118	-0⅛	4.39
Omron Tateisi 2⅝ 02 US	4/87	1310.	233	233⅞	-2⅛	-2.54
Ranks Hovis 4¾ 03 £	1/88	3.5	107¼	108	-0⅛	9.82
Redland 7¼ 02 £	†1/87	5.4	109¼	110	+0⅛	0.96
Saatchi&Saatchi 6¾ 03 £	†10/89	4.41	91½	92½	0	35.24
Sumitomo Bank 3¾ 04 US	2/89	4296.	91¼	92¼	-0⅛	18.04
Texas Inst. 2¾ 02 US	9/87	82.87	74¼	75¼	+0⅛	46.25
W.R. Grace 6½ 02 US	9/87	42.12	95	95¼	+2⅛	16.45

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Tisco issue to raise Rs6.5bn for expansion

By David Housego in New Delhi

TATA Iron and Steel Company (Tisco), India's private sector steel producer, is raising Rs6.5bn ($394.9m) through a convertible debenture issue in what is the largest corporate fund-raising operation undertaken on the country's domestic markets.

Mr Russi Mody, chairman and managing director, also confirmed yesterday that the company had sought government approval to raise $200m abroad in a further convertible issue. This would mark the first time foreigners would be given direct access to holding shares in an Indian company.

Tisco, India's largest private group in terms of sales and profits, is raising the funds as part of a six-year expansion and modernisation programme that will cost Rs26bn. Of this, 15 to 20 per cent will represent expenditures in foreign exchange.

There has been a record increase in the number of new issues on the Indian capital market. The previous largest fund-raising exercise was a Rs5.6bn convertible debenture issue by Reliance, the petrochemicals and engineering group, in the third quarter of last year.

Tisco has reported pre-tax profits for the first 10 months of the 1988/89 financial year of Rs2.2bn – 20 per cent up on the 12 months of 1987/88.

Turnover for the period amounted to Rs14bn, against Rs15.2bn for the whole of 1987/88. The group is currently benefiting from a sharp rise in administered prices for steel, prompted by the need of the public sector steel industry to raise funds for modernisation plans.

Tisco plans to increase its saleable steel capacity from 2.1 to 2.7m tonnes a year. The new investment will be in a 1m tonne a year capacity hot strip mill that will raise the proportion of the more lucrative flat products to 49 per cent, from 25 per cent. Its crude steel making capacity will rise to 3m tonnes a year.

The group is also investing in a new oxygen converter with continuous casting facilities, a new blast furnace and additional power generating capacity. Mr Mody said the group's intention, once government permission was secured, was to test the market with an initial $100m convertible issue abroad before raising a second tranche.

Tokyo may allow banks to sell loans

THE Japanese Finance Ministry yesterday announced plans to allow banks to sell ordinary loans, mostly made to corporations – but only to financial institutions, Kyodo reports from Tokyo.

The move is aimed at reducing bank assets and boosting bank capital in line with minimum capital-adequacy standards set by the Bank for International Settlements (BIS).

The scheme would enable banks to sell such loans in bundles at interest rates to be fixed on a case-by-case basis through negotiations between sellers and buyers – and upon approval from debtors.

However, buyers would be prohibited from reselling these loans to third parties, as debtors might accept the proposal more easily if it only results in the transfer of loans to another financial institution.

It will be presented for review to a study panel attached to a subcommittee of the financial system research committee, an advisory panel to the Finance Minister.

The BIS rules, adopted last July, stipulate that internationally active banks must have risk-weighted capital equivalent to 8 per cent of assets by the end of 1992.

Banks have been calling on the ministry to lift regulations on the sale of their ordinary credit to conform with BIS rules as such credit accounts for a large portion of their outstanding assets.

Bank of Japan to trade CP

THE Bank of Japan will introduce commercial paper buying as one of its money market operations, the bank said in a statement, Reuter reports from Tokyo.

The bank said the operations would enable flexible policy management in the short-term money market.

The central bank will buy CP through money brokers who will buy them from market participants, including banks, brokers and corporations.

The brokers will endorse the CP.

INTERNATIONAL CAPITAL MARKETS

US Treasuries mixed as trade gap narrows

By Janet Bush in New York and Katharine Campbell in London

AN AMBIGUOUS reaction to a sharp narrowing in the US merchandise trade deficit in March left US Treasury bonds mixed in late trading yesterday.

Short-dated maturities stood as much as ⅛ point lower while the long end was around ¼ point higher. The benchmark long bond was up ¼ point for a yield of 8.79 per cent.

The trade deficit narrowed to $8.86bn in March from a revised $9.82bn in February.

GOVERNMENT BONDS

The figures had a mixed influence on bonds. On one hand, the narrower deficit led to a surge in the dollar to highs in New York of DM1.9760 and Y139.45.

Foreign exchange dealers believe the surge is not only technical but fundamental. They cited in particular a view increasingly held overseas that the US bond market is attractive because a soft landing for the US economy is forecast.

On the other hand, bonds reacted nervously to a 7.4 per cent jump in exports in March to a record $30.78bn, suggesting a still very robust manufacturing sector. At the same time, the rise of 3 per cent in imports suggested that consumer demand also remains resilient.

The explosive bond market rally last Friday after a smaller than expected 0.4 per cent rise in producer prices in April came on hopes of a near-term easing in Fed monetary policy. Those hopes appeared yesterday to recede further with yields on short-dated issues, most sensitive to interest rate policy, rising and long-dated yields falling.

THE relentless march of the dollar cast a distinct pall over European markets, where thoughts were focused on what, if any, would be the reaction of the Bundesbank at today's council meeting.

While a 0.2 per cent rise in the official Belgian short-term rate to 8.5 per cent was not taken as presaging action from Frankfurt, a 2½ pfennig leap in the US currency set markets thinking about the appropriate policy response from the German central bank.

It was the short end of the bond market that took most of the heat so that the German yield curve is once again almost flat in the one to 10-year range, at a yield of about 7.10 per cent. On Liffe the June futures contract closed at 92.54 compared with 92.78 the previous day.

THE DUTCH market sold off quite heavily following events on the foreign exchanges. Terms on the new state loan, set yesterday for auction next Tuesday, initially appeared generous with a 7.5 per cent coupon, but looked less so as the day wore on.

FRENCH bonds also traded down, but suffered less than Germany. Comments by Mr Pierre Bérégovoy, the Finance Minister, that he did not see undue rate pressures in the short term largely dispelled anxieties that today's repurchase tender would be the occasion of a French rate rise.

On Matif the June futures contract closed 26 basis points weaker at 106.14.

THE UK bond market is something of a side show in the international rate wars, and gilts prices reflected exactly that. On Liffe the June long gilt future ended at 95-05, ⅛ of a point down on the day.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	108-21	-7/32	11.05	11.05	11.02
		9.750	1/98	96-26	-6/32	10.31	10.30	10.25
		9.000	10/08	97-08	-2/32	9.31	9.32	9.29
US TREASURY *		8.875	2/99	100-10	+3/32	8.82	9.20	9.20
		8.875	2/19	100-25	+8/32	8.80	9.11	9.05
JAPAN	No 111	4.600	6/98	95.1782	-0.115	5.39	5.35	5.21
	No 2	5.700	3/07	105.6062	-0.287	5.10	5.06	5.01
GERMANY		6.375	11/98	94.9500	-0.250	7.11	7.00	6.91
FRANCE	BTAN	8.000	1/94	96.3008	-0.071	8.98	8.95	8.93
	OAT	8.125	5/99	95.0250	-0.275	8.89	8.87	8.83
CANADA *		10.250	12/98	102.5000	0.200	9.84	10.19	10.37
NETHERLANDS		8.7500	10/98	95.0600	-0.525	7.49	7.29	7.06
AUSTRALIA		12.000	7/98	91.0832	-0.712	13.63	13.46	13.66

London closing. *denotes New York closing
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

Currency speculation dominates Eurobond trading

By Norma Cohen

CURRENCY movements dominated the Eurobond markets yesterday after better-than-expected US trade data sent the dollar sharply higher, prompting speculation that West German interest rates may rise yet again.

Meanwhile, the weakness of the D-Mark prompted yet another dual-currency bond in that currency, this one offering a play on the Irish punt. Ireland issued a DM500 10-year Eurobond bearing a coupon of 7¼ per cent and priced at 100¼. Lead manager is Commerzbank.

INTERNATIONAL BONDS

Unlike the recent spate of dual-currency D-Mark bonds, it is the investor, not the borrower, who has the option of selecting which currency the interest and principal repayments will be made in. The I£/D-Mark exchange rate will be set two days prior to payment and will remain constant over the life of the bond. Currently, the rate is I£2.674 to the D-Mark.

Commerzbank said the issue was partly aimed at Irish investors taking advantage of recent liberalisation in their home markets, allowing purchases of foreign currency securities. Co-lead managers Allied Irish Bank and Bank of Ireland were underwriters for about half the issue.

Meanwhile, uncertainty about the D-Mark is aiding the recent spate of dual-currency bonds generally.

The issues had been seen trading well inside fees. Dual-currency bonds have recently attracted strong interest because the high coupon is deemed able to offset the currency risk and investors feel it will be some time before $/DM exchange rates overtake most recent issues' strike prices.

Concern about the West German currency and interest rates undermined the Ecu bond markets and contributed to what should have been a better reception for a Ecu100m Eurobond for Austria.

The issue was seen on brokers' screens at less two offered, well outside its fees of 1⅝ per cent. The four-year Eurobond, which carries a coupon of 8⅞ and a price of 101⅝, did indeed offer a reasonable yield pick-up over similar maturity sovereign paper.

But dealers said the combination of a sharp fall in dollar/D-Mark rates and the unwillingness of lead manager Credit Suisse First Boston to post supporting bids on brokers' screens had made retail accounts reluctant to buy the issue. CSFB, they said, had allocated co-leads their allotments at the highest end of the indicated range and only after the US trade data had been announced. That left several of them with allotments of Ecu6.5m apiece – more than they could sell.

CSFB defended its handling of the issue saying it would refuse to buy bonds anonymously from brokers during the new-issue period and that it would buy bonds back at full fees from co-leads directly.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
D-MARKS						
Ireland(a)♦	500	7¼	100¼	1999	2½/1½	Commerzbank
AUSTRALIAN DOLLARS						
Mitsubishi Trust Australia♦	60	18¼	101.90	1990	1/⅝	WestLB
Toronto-Dominion Bk Gr.Cay♦	50	18	101.95	1990	1/⅝	Fay. Richwhite
US DOLLARS						
Showa Aluminium♦	150	(5¼)	100	1994	2¼/1½	Nomura Int.
Final terms fixed on:						
Kirin Brewery Co.(b)♦♦	350	4	100	1993	2¼/1½	Yamaichi Int. (Europe)
ECUs						
Austria♦	100	8⅞	101⅝	1993	1⅝/1⅛	CSFB
PESETAS						
World Bank♦	10bn	12⅞	101⅞	1994	1⅝/1	J.P. Morgan Espana
SWISS FRANCS						
Noritz Corp.(c)★★♦	60	1⅛	100	1994	1⅝	B. della Sviz.Italiana
Nittan Valve(d)★★§♦	45	½	100	1994	1⅝	Banque Paribas (Suisse)
YEN						
Sparekassen SDS(e)♦	3.4bn	(e)	101⅝	1993	1⅝/1¼	Mitsubishi Fin. Int.

★★Private placement. §Convertible. ♦With equity warrants. ♦Final terms. a) Investor option to receive interest and principal in either DM or Irish punts. Punt rate to be fixed two days before payment date. b) Coupon cut by ½% from indication. c) Coupon fixed. d) Put option fixed at 104 to yield 2.076%. e) Coupon 5% first 3-months, then 6% thereafter. Redemption linked to Nikkei stock index.

AIBD prepares for collective soul-searching over strategy

Andrew Freeman forecasts a lively annual meeting

Perhaps there was some subconscious reason why the Association of International Bond Dealers (AIBD) chose Vienna, the birthplace of modern psychoanalysis, as the site for its 21st annual meeting, which begins today.

Was it, for example, an expression of wish fulfilment for those who see the Eurobond market as suffering from self-doubt and in need of thorough analysis?

As on many occasions during its adolescence, the AIBD is meeting against an uncertain market background. While the phobia of over-regulation has receded, two fears lurk in members' collective sub-conscious.

The first is the justifiable concern that continuing over-capacity in the market will lead to an exacerbation of the self-destructive impulses that have emerged over the last six months. The pressures of competition need some release unless they are to damage the market for ever, but there is uncertainty as to whether the AIBD will attempt to intervene.

Reinforcing that is a coincidental cyclical decline in the outlook for global fixed-income markets, caused by the appearance of inverted yield curves in some currencies and attractions of very short-term investments.

Appropriately, debate is expected to centre on key strategic questions, rather than on any petty tactics, in spite of the singular fact that the election of five new board members will be contested by six candidates.

The demands placed on the AIBD by its status as a designated investment exchange under the UK's Financial Services Act will be addressed by the proposal that the membership fee be raised by SFr1,000 to SFr6,000 ($3,468).

Last year, in Dallas, the membership voted down proposals for an increase in the membership fee, much to the consternation of the board.

This year, several board members have privately made it clear they will take it personally if the increase is voted down, on the grounds that the increase has deliberately been kept small and that it is vitally needed if the AIBD is to move towards its goal of a more professional secretariat.

This goal will be outlined in a set of formal proposals to be announced on Friday, among which is expected to be the provision for a salaried secretariat which will be responsible for the administration of the AIBD.

The need for its own full-time civil service has become patently clear as the AIBD has expanded its activities. It is now the official regulator of the Euromarket in the UK for all areas except the closely defined process of primary distribution of new issues, which is overseen by the International Primary Markets Association.

This has meant the practical abolition of the distinction between primary and secondary business, so that for trade reporting purposes primary syndication consists only of the allocating of bonds to co-managers by the lead underwriter.

As a designated exchange, the AIBD is responsible for the reporting of all trades to the Securities Association, a function handled by its Trax trade matching system, which will gradually be extended from its UK base to the entire AIBD membership.

Trax, a real-time electronic trade matching and risk management system, caused considerable controversy when it was introduced by the AIBD last year. Its development aroused opposition from some members which felt it was costly, burdensome and of doubtful benefit, as well as hostility from EuroClear and Cedel, the clearing organisations which view it as a potential competitor.

Nevertheless, Trax is judged as an outstanding success by AIBD board members. Its scope already extends beyond the Eurobond market and there is an inevitability about its extension. The fact that the project is self-financing, with the development costs offset against future revenues, is a key selling point.

Although it is too early to make accurate forecasts, suggestions of an AIBD-sponsored Eurobond futures contract and an electronic real-time Euro-bond index indicate that the AIBD sees Trax as the vehicle by which it will guarantee its role as a leading international securities exchange.

CBOT orders broker rings to register

By Deborah Hargreaves in Chicago

AS PART of an examination of exchange rules, the Chicago Board of Trade (CBOT) has decided to monitor broker rings more closely by requiring them to register with exchange authorities.

Broker rings are groups of traders who band together to pool profits and expenses in the futures market. Their role on Chicago's exchanges has come under close scrutiny following the disclosures of a massive FBI investigation into futures fraud.

Critics maintain the broker rings, which are particularly prevalent at the Chicago Mercantile Exchange (CME), act like exclusive clubs, dominating trading in particular futures contracts to the exclusion of traders outside the group.

However, the powerful groups say that by pooling orders they make it easier for newcomers to get started in the markets.

Brokers have formed these groups informally for many years. Two years ago, the CME passed a ruling that required them to register with the exchange and also limited the amount of trading they could indulge in between themselves.

The CBOT continues to review exchange policy in the wake of the revelations following the FBI probe. In this end, the exchange has commissioned a study on dual trading.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wednesday May 17 1989

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	9	83	15
Corporations, Dominion and Foreign Bonds	8	2	33
Industrials	535	272	770
Financial and Properties	232	107	317
Oils	32	19	46
Plantations	1	2	9
Mines	65	36	76
Others	94	57	104
Totals	976	578	1,370

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

- First Dealings May 15
- Last Dealings May 26
- Last Declarations Aug 10
- For settlement Aug 21

For rate indications see end of London Share Service

Calls in Control Secs, Norex, Bula, Kenmare, Vista, Eagle Trst, 5th Wes RFes, Imtec, Intec, Emess, Amcliffe, P & O Wrnts, SelecTV, Medirace, Meekatharra, Brit Dredging, TR Energy.

FIXED INTEREST

LONDON TRADED OPTIONS

EXPIRY DAY in individual options stocks accounted for most of the business on London's Traded Option Market yesterday, as overall business reached 55,485 contracts, made up of 47,030 calls and 8,455 puts. This is double some recent figures though little more than half the peak of this year, of just over 100,000.

The dealings were notable, expiry stocks apart, for the small content taken up by dealings in the FT-SE 100 Index, which represented 3,978 contracts, comprising 1,562 calls and 2,416 puts. There was, even so, some appreciable trading reported in the index from the floor of the London International Financial Futures Exchange, along with a mild upward tug on the index itself – when dealing levels were compared against market calculations of fair value for the June contract.

Of the seven most heavily traded individual options stocks, six were of May expiry – the May expiry date coming relatively early in the month, to accommodate the late spring bank holiday. Dealings in general were coloured by the unexpectedly low US overseas trade deficit, of $8.86bn, for March. The index itself gained 19.1 points on balance to 2,155.8, again reaching new highs post the Great Crash of October 1987.

Hanson was the leader among individual option stocks, finding almost 16.6 per cent of total dealings, on 9,189 contracts, comprised of 9,075 calls and 114 puts. This represented largely closing of call position, however, as the May series in it expired, even though the underlying share price regained 1p to 200p. The most heavily traded series was the May 200, just on the closing price, dealings in which came to 5,415 contracts, to show closing of position of 4,689 to 2,020.

Other active stocks with May expiries were Plessey, on 5,969 contracts, BAT Industries, on 2,957, Cadbury Schweppes, with 2,044, Racal Electronics, with 1,924, and Pilkington with 1,790. Consolidated Gold Fields, with a July nearest expiry date, saw only 864 contracts, in spite of its beating off of the bid by Minorco.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*452)	420	35	52	61	5½	10	14
	460	13	29	38	25	27	30
	500	4	13	21	59	62	65
Brit. Airways (*208)	180	30	31	41	2½	3½	7
	200	11	19	25	7	10	12
	220	4	10	15	20	24	25
Brit Com (*212)	200	16	25	28	7	8	11
	220	6	13	16	16	18	20
	240	2	5	-	36	36	-
Shell Trans. (*400)	360	-	58	66	-	5	7
	390	23	32	45	7	12	14
	420	7	17	26	22	27	27
Storehouse (*174)	160	19	23	26	5½	9	12
	180	9	13	17	19	21	23
	200	4	8	-	36	38	-
Trafalgar (*377)	360	24	36	42	12	16	22
	390	10	22	26	28	32	40

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Scot. & New (*307)	300	8	25	34	1	18	20
	330	1	10	21	25	34	37
Tesco (*176)	140	38	43	46	1	1	2
	160	8	26	29	1	2	2½
	180	1½	9	16	3½	7	9

Option		Calls Jul	Calls Sep	Calls Nov	Puts Jul	Puts Sep	Puts Nov
ASDA Grp. (*169)	160	17	21	24	5	7	9
	180	8	11	124	14	17	20

Deciding the form of Acts Two and Three

Kenneth Gooding on Minorco's choices — fight on, open a second front, or sell up

THE BOLLINGER Extra Dry flowed freely yesterday at Consolidated Gold Fields' headquarters in St James's, London, but the celebrations seemed strangely muted.

True, the Gold Fields' directors were dog-tired after being under almost-continuous siege by Minorco since last September in the biggest, longest-running and probably the most complex takeover bid yet seen in the UK.

But joy was not unconfined because nobody seemed to truly believe the siege was really all over even though Minorco allowed its £3.5bn bid to lapse last night.

"It is only the end of Act One," said Mr Gerry Grimstone, of J Henry Schroder Wagg, Gold Fields' advisers.

Mr Huw Williams, mining analyst with Kleinwort Benson Securities, put it in more forceful terms. "The second war will start eventually."

The reason for their certainty is that Minorco has nowhere to go until it in some way solves the problem of its 29 per cent holding in Gold Fields, by far its prime asset.

Minorco was once a sleepy investment vehicle for most of the non-South African assets of Mr Harry Oppenheimer's Anglo American Corporation/De Beers empire. According to Anglo, two years ago it was decided a change of style was necessary if the Minorco share price was ever to reflect the value of its assets — it was trading at a discount of about 40 per cent on its asset value.

Minorco was to be changed from a passive investment company into "a hands-on manager of its assets".

Analysts believe, however, that there was more to the change and that it represented a decisive move by Mr Oppenheimer to build a substantial mining empire outside his native country.

A group of three, hand-picked "young Turks" was appointed for this key task — one of them is Mr Oppenheimer's son-in-law, another his god-son — and last September Sir Michael Edwardes, one of Britain's best-known industrialists because of his days with British Leyland, was brought in as chief executive and team leader.

They launched the hostile bid for Gold Fields which for years had held Anglo American and Minorco at arms' length. This was to be Minorco's chance to put its new style of "hands-on" management to work and provide the nucleus of the "world-class natural resources group" it said it intended to build up.

This strategy has been stopped in its tracks by the ruling of a New York judge who slapped on the injunction which prevented Minorco buying any more shares in Gold Fields and from completing its bid.

Minorco now has three main options:

● It could continue the fight in the US courts, take the case to full trial, and possibly through to appeal, in the hope of dispelling once and for all the anti-trust allegations it faces.

● It could organise a bid by a third party for Gold Fields.

● It could place its Gold Fields shares in the market and employ the cash elsewhere.

Many analysts believe Minorco will chose the first option. The UK Takeover Code prevents it from re-bidding for Gold Fields until next May and the intervening period could usefully be employed in the US courts.

There can be no question of Minorco making another bid for Gold Fields until the US injunction is removed and in theory it could remain in place for ever. Only if one of the two parties involved in the court action withdraws would the injunction be lifted.

The New York action was started by Gold Fields and Newmont Mining, the UK company's 49 per cent-owned associate and the biggest gold producer in the US. Gold Fields dropped out under pressure from the Takeover Panel but Newmont seems determined to keep the injunction in place. If Minorco withdrew and the injunction was removed, there is no doubt Newmont would go back to seek the court's protection any time Minorco made any aggressive move towards Gold Fields.

Tony Andrews

Rudolph Agnew — We have to reassure long-term shareholders who accepted the bid but were thwarted by the New York action

If Minorco was to fight its case through the US courts there would also be time for the management to turn its attention to other assets in the portfolio.

Minorco has already started a shake-up at Charter Consolidated, the UK investment group in which it has a 36 per cent stake. This was done during the enforced lull when the UK Monopolies and Mergers Commission was looking at the bid.

So far there has been no indication of what Minorco might do about Charter's major asset, a 38 per cent shareholding in Johnson Matthey, the world's biggest platinum marketing company.

In North America, Minorco owns 30 per cent of Englehard Corporation, another company with major platinum interests, and it is very unlikely that anti-trust authorities on either side of the Atlantic would be happy to see Minorco increase its stake in one without divesting itself of the other.

In the US Minorco also owns 56 per cent of Inspiration Resources, a diversified natural resources group, and 48 per cent of Adobe Resources, an oil and gas group.

Minorco's second option — a bid for Gold Fields by a third party — is the one which Gold Fields has a sneaking suspicion might happen. Minorco would, under the terms of the Takeover Code, have to wait a year before prompting such a bid.

However, recent experience would suggest that, not only would the bid have to be welcomed and recommended by the Gold Fields' directors, but it would also have to win the approval of the Newmont board.

Gold Fields and Newmont are very strongly linked. Gold Fields came to Newmont's rescue in 1987 when the US company received a hostile bid from a group led by Mr T Boone Pickens, the well-known corporate raider. As a result of that rescue effort, not only did Gold Fields increase its stake in Newmont to 49 per cent, but it also signed a "stand still" agreement which prevented the UK company increasing that shareholding for 10 years — unless there was another bid for Newmont.

Mr Williams of Kleinwort Benson suggests that any third party bid would have to include both Gold Fields and Newmont if Minorco was to profit by being allowed to buy some of the assets from the newly-merged group.

Gold Fields and Newmont together would cost a bidder at least £5bn — "and that's a big bill, even for someone like Lord Hanson," Mr Williams admitted.

The third option — placing the Gold Fields' shares — is currently one which finds little support among analysts. They point out that Minorco already has enough cash — what it is looking for are some natural resource assets for the management to put its hands on.

While Minorco is making up its mind, Gold Fields is unlikely to produce any surprises.

It has insisted that the major restructuring which has transformed the group in the past few years is now virtually over, so major asset sales must be ruled out.

It will call a special meeting as soon as is practicable to get shareholder approval for the "performance pledge" or "platinum pill" plan it proposed during the bid. Gold Fields aims to issue a special preference share which will guarantee that cumulative earnings per share will total 400p (before sales of operations) over the next three years. If this target is not met a special dividend of £6 gross a share would be paid.

Mr Rudolph Agnew, Gold Fields' chairman, admitted yesterday that his company would have to do something to reassure those long-term shareholders who accepted the bid but were thwarted by the New York action. He believed that would be possible over the coming weeks as the group's latest financial results came through.

Trans-Atlantic differences in roles of anti-trust bodies

By Robert Rice

THE EVENTUAL frustration of Minorco's £3.5bn hostile bid for Consolidated Gold Fields by US court intervention has highlighted the widening gap in the approach adopted by the courts and anti-trust authorities on either side of the Atlantic to contested takeovers and the possible need for a co-ordinating trans-national law for trans-national mergers.

A decision by Minorco to pursue the Newmont anti-trust action to trial would besides possibly clearing the way for a new bid in a year's time also have the more general benefit of clarifying the extent of the US courts' extra-territorial jurisdiction over trans-national mergers and acquisitions.

There is little doubt that after the relatively relaxed approach to anti-trust during the Reagan years there is widespread interest to see how the US anti-trust authorities and the courts will react to growing pressure from US protectionists for stricter enforcement.

According to US anti-trust law specialists, Pepper Hamilton & Scheetz, there is now a growing consensus in the US that the overriding objective of enforcement policy in this area should be to prevent only those transactions likely to result in an increase in prices to US consumers. However, even if this so called "single goal" gains uniform acceptance in the courts there is bound still to be continued disagreement over its application in rapidly-changing domestic and world markets.

The approach adopted to anti-trust in the US seems set to have an increasing bearing on transatlantic deals. It will certainly affect European/US transactions which have an anti-competitive effect in the US market. Such deals are likely to increase as more US firms seek European partners in order to get into the European market before 1992.

The Newmont action must however be seen as an indication of the willingness and intention of US courts to apply US anti-trust laws at this stage to mergers between non-US companies, both of which, however, compete in the US and at least one of which has US assets in the area of competition.

Pressure against extending the extra-territorial scope of US anti-trust laws too far will come from anti-protectionists in the States anxious not to find themselves on the receiving end of similar moves adopted by European competition authorities. The situation seems to point to the need for some form of global harmonisation of anti-trust policy.

In the UK the Takeover Panel's Gold Fields' ruling was generally welcomed in the City as a necessary response to the US Courts' extra-territorial claims. But its decision that all legal proceedings taken by a target company can constitute frustrating action, which under rule 21 of the Code cannot be taken without majority shareholder approval, has raised fears that its effect will be to prevent all litigation in contested takeovers in the future.

Norton Rose, Gold Fields' London solicitors, believe the ruling goes too far and is far from being a pragmatic ruling that can be limited to the particular circumstances of this case.

They point to the fact that it will frequently be impractical to call a general meeting in sufficient time to gain consent for legal action and it may well prove impossible to get that consent when the bidding company is also likely to be present as a shareholder in the target company.

The Panel did not seek to draw a distinction between bona fide legal action taken to enforce existing legal rights of a target company and anti-trust proceedings where special considerations usually apply.

It assumed the primary duty of directors was owed to majority shareholders although UK company law clearly establishes that a director's primary duty is to the company not shareholders.

The Panel also appears to assume the power to oust the jurisdiction of the courts if legal proceedings are deemed to be frustrating action. Quite how it can assume such power without statutory backed authority is not clear.

Injunctions in contested bids are by now a well-established ploy. Once a court has considered the issue and granted an injunction preventing continuation of the bid, how can the Panel intervene without being in contempt? So on this side of the Atlantic the battle for Gold Fields has created a number of issues which need to be addressed quickly and pointed to the need to establish where the proper balance in contested takeovers lies between the Panel, the courts and the anti-trust authorities.

When self-defence can cost more than launching the attack

By Nikki Tait

FEES TO the various professional firms involved in Britain's largest bid battle — both within the City and overseas — were yesterday being estimated at more than £50m.

Consolidated Gold Fields officially puts its total defence costs at around £30m, which compares with the £17m which it said it had spent or committed by December 31. Although this sounds chunky enough, some observers were actually surprised that the figure had emerged so low.

Gold Fields declined to separate the various elements within the total, but suggested that three specific factors played a particularly significant part in producing the aggregate tally.

● First, the fact that it has won the £3.5bn battle means that certain performance-related fees become payable. Again, Gold Fields will give no breakdown of the recipients.

However, it is now fairly common practice for fees for UK merchant banks — in this case, Schroder Wagg — to be success-related and presumably the same principle may have been extended to some of the US advisers, which included Wasserstein Perella, First Boston and Shearson Lehman Hutton, plus Paul Weiss Rifkind Wharton & Garrison, the New York law firm.

Interestingly, the current £1:73bn bid by the newly-formed Isosceles company for Gateway has pushed matters even further on this front. This is partly through necessity, given that the company has no existing business. Here, even the public relations company is working on a "no win, no fee" basis.

● Second, Gold Fields pointed to the costs of producing updated valuations of geographically widely distributed reserves and assets.

For example, in its March defence document setting out various valuations, there were four separate geologists' letters, two from US investment banks, as well as a letter from Ernst & Whinney (Gold Fields' auditor) and another from Schroder Wagg, all concerning the ARC profit forecast.

● Third, there was the fact that the bid was fought on numerous different fronts — in particular, through legal actions in the US, but also at the UK Monopolies and Mergers Commission. For example, sitting alongside UK advisers like Schroder Wagg, Cazenove, Freshfields and Shandwick, the public relations firm, were consultants Sallingbury Casey.

On Minorco's side, no one was willing to be definite about the final figure, but the company has already disclosed that $17m (about £10.4m) was spent in the period up to December 31 and suggested that the final figure might be around £20m.

In addition to the two main players, there are also the costs of Gold Fields' affiliates — notably Newmont Mining, in which it holds a 49 per cent stake, which had its own US legal fees.

But while the figures are undoubtably hefty, comparison with other bid battles makes the official tally look a trifle low. The most recent mega-bid to fail was Rodamco's £1.3bn assault on Hammerson, and this did not even run the full 60-day period. No costs have been disclosed for the bidder's side, but Hammerson put its defence expenses at £10m — under 1 per cent of the value of the proposed deal and, in percentage terms, roughly in line with the Gold Fields' defence bill.

Equally, in the case of the £1.7bn assault by Goodman Fielder Wattie on Ranks Hovis McDougall last summer, a similar £10m cost was borne by the defending group. And in the earlier £1.9bn bid for Gateway (then Dee Corporation) from Barker & Dobson, the defending food retailer included a £14m extraordinary item in its accounts for the bid costs.

In none of these cases was there US legal action, monopoly investigations which were pursued, or an overall takeover period which stretched beyond the normal 60 days.

In fairness, a case can at least be made that the money is not wholly wasted.

Gold Fields is keen to point out that it has ended up with a share price rather higher than when the saga started — which may be some consolation to shareholders. But then again — although the money would doubtless never have been spent in the normal run of things — £30m does buy an awful lot of corporate advertising.

Learning from Minorco's bitter experience

ONE OF the most important lessons to be learned by UK investors and analysts from Minorco's failed bid for Consolidated Gold Fields is that, when two major international companies are battling, you had better pay attention to what is going on outside the City's square mile or you could be in for a nasty shock, writes Kenneth Gooding.

As Mr Rudolph Agnew, Gold Fields' chairman, pointed out yesterday, both his company and Minorco have substantial interests in the US and from the outset there was a good chance that they would meet in court there.

It was also reasonable to expect that any anti-trust concerns in the US would be tested in a civil action, said Mr Agnew, because the US authorities prefered that method of approach.

Yet, until the very last moment, few City observers seemed to take the New York court case seriously. In the end it killed the bid.

"The parochial view is that this was a British bid thwarted by a US judge. That was not so. We did not see the US court as any different from the Monopolies and Mergers Commission in the UK," said Mr Agnew.

Neither would he accept that his board was wrong to dig in its defensive heels even though Minorco owned or had acceptances for 55 per cent of the Gold Fields' shares.

He pointed out that Minorco's final offer had included a condition that the New York court injunction was removed before the closing date.

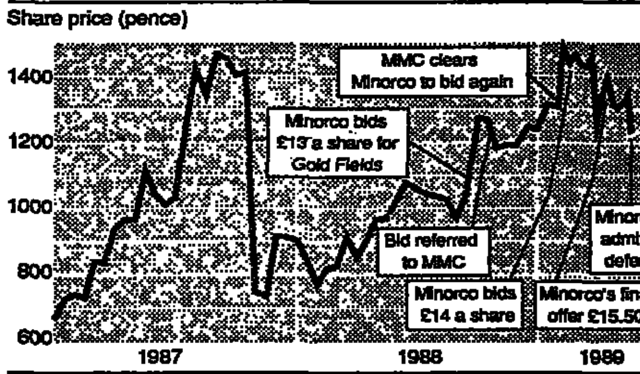
"A bid with conditions is just that — a conditional bid. The conditions are just as important as anything else in the offer document. It is no good for the offerer to shout 'foul play' if the conditions are not met," said Mr Agnew.

In addition, the bid battle covered much new ground and consequently raised other new issues.

For example, Gold Fields was particularly concerned about any bid being allowed to proceed while Department of Trade and Industry inspectors were investigating events leading up to the offer.

Consolidated Gold Fields

Share price (pence)



There is bound to be further heated debate about this.

As the City poured yesterday over the complexities of the bid there were a number of other points for would-be bidders to consider — no less important for being more obvious.

For example: when making a mega-bid, think hard about going ahead unless you can get the agreement and recommendation of the target company's board.

Minorco did try to win over Gold Fields in 1986 without success and took a chance on a hostile approach instead.

Another lesson is: don't be mean. Find out what the City believes is a fair price and top it. One of the many advisers in the battle said that Minorco committed the fatal mistake of offence — it believed that, because it had 30 per cent of Gold Fields to start with, it could bid low and then win the other shareholders over by raising the offer later.

"If they had bid high, shareholders would have put immediate pressure on the board to accept. As it was, the low bid gave the Gold Fields' board time to come up with all those defensive strategies — and one paid off."

Minorco's experience also suggests that there is little point in moving ahead with a bid until any outstanding legal complications have been cleared up.

There is also the question of management credibility. If you claim that your management team can do better for the target company, you need to have some facts to back that claim.

Minorco asked investors to take on faith the abilities of its new management team of "three young Turks". The choice of Sir Michael Edwardes as chief executive did not help dispel doubts. He is not well-liked in the City which does not think highly of his track record.

Finally, it would help any bidder not to have South African connections.

In the first phase of the recent battle, Gold Fields played the anti-South African card for all it was worth. From all round the world the protests came — there can not have been many bid battles where the Prime Minister of Papua New Guinea made a significant intervention.

Ultimately, by perservering, Minorco proved that in the UK and the European Community the authorities will not block a company's acquisition hopes simply because of South African connections.

However, those connections played a major role in influencing the New York judge whose ruling eventually caused the bid to lapse.

GrandMet buys its way into the US brandy market

By Lisa Wood

GRAND METROPOLITAN, the UK-based food and drink group, is buying its way into the US domestic brandy market and increasing its wine interests with the acquisition of the wine and spirits activities of The Christian Brothers, an order of Californian monks.

The purchase price is not being disclosed but the sale price is estimated to be around $100m (£61m). GrandMet said the transaction would be favourable to its earnings per share and have no material impact on shareholders equity.

Last week GrandMet announced a 30 per cent increase in pre-tax profits for the half year, which at £301m were at the top end of City forecasts. But City analysts questioned the group's high level of gearing and $750m provisions for the Pillsbury purchase. However, they yesterday said that the latest acquisition was comparatively small and the deal was a useful add-on for IDV, GrandMet's wine and spirits subsidiary, which owns brands including J & B Scotch, Smirnoff vodka and Piat D'Or, the wine brand.

Mr George Bull, IDV chairman, said his primary interest in Christian Brothers was its brandy brand, the second largest selling brandy in the US, with sales of more than 1m cases a year.

The largest selling brandy in the US is E & J, owned by the E & J Gallo Winery. Both it and The Christian Brothers brand are among the top 15 selling brandies — as distinct from cognac — in the world, all of which are heavily dependent on their domestic markets. The US market for brandy is stable in a more problematic spirits marketplace.

Mr Bull, whose group recently acquired Metaxa, the Greek wine and brandy company, said his intention was primarily to strengthen The Christian Brothers' brandy in the US with the development of exports a secondary consideration.

Purchase of the Metaxa and Christian Brothers' brandies, he said, was not an alternative strategy to the aborted acquisition of Martell, the French cognac house which GrandMet lost to Seagram two years ago. Brandy brands, said Mr Bull, were not alternatives to cognac but rather a separate market.

With its purchase two years ago of Heublein, the US wine and spirits business, GrandMet acquired wine labels including Inglenook and Beaulieu and was catapulted into the front ranks of a growing list of foreign investors in California's wine industry. Christian Brothers brings the largest vineyard in California's Napa Valley.

Mr Bull said the fit with Heublein's existing fine wine business was very good with substantial synergy in terms of production and marketing.

The rate of foreign investment in California's wineries has increased dramatically over the past few years. BSN, the French food and drink group, is one of the most recent entrants with its acquisition of Scharfferenberger Cellars.

Slowdown in domestic carpet sales hits Tomkinsons

By Alice Rawsthorn

TOMKINSONS, one of the UK's largest carpet manufacturers, yesterday saw its shares slump 15p to 378p after a slowdown in carpet sales was reflected by a fall in interim pre-tax profits from £2.14m to £1.81m.

Mr Lowry Maclean, chairman, said that demand for carpets has been hit by the impact of increased interest rates on consumer spending and the slump in the housing market.

The level of demand had remained resilient in the closing months of 1988, he said, but sales had fallen from January onwards. The slowdown was concentrated in the consumer carpet sector. The market for contract carpets — used in offices and hotels — was still buoyant. But Tomkinsons gleans only a fifth of its sales from the contract sector.

As a result, the group had not been able to maintain the momentum of last year — when turnover rose 28 per cent in the first half — and in the six months to April 1 sales fell 3 per cent to £14.04m (£14.5m).

Tomkinsons' profitability also suffered from the impact of its £1m investment in the marketing of five new product ranges. Consequently trading profits fell to £1.81m (£2.16m).

Earnings per share fell to 19.4p (23.4p), but the interim dividend is lifted to 3.5p (3p).

He said Tomkinsons intended to stick to its long-term strategy of investment in automation and marketing.

● **COMMENT**

Tomkinsons has been bandied about as the model modern carpet company for so long — with its prudent policy of investment in machinery and marketing — that this fall from grace came as something of a shock to the stock market. A slowdown in carpet sales seemed inevitable, given the giddy growth of recent years and the rapid rise in interest rates. But the slump seems to have been rather sharper and to have come somewhat sooner than the industry expected. Tomkinsons should muster pre-tax profits of £3.75m — against £4.83m — for the full year putting its shares at 378p on a prospective p/e of 9.5. Given that Tomkinsons can rely on its historically high margins and hefty investment to tide it through the slump, its difficulties augur ill for its less efficient competitors.

Gieves rises to £2.08m at year-end

Gieves Group, the tailor, publisher and motor dealer, improved pre-tax profits by 23 per cent to £2.08m in the year to January 31.

Bookpoint had a difficult year with losses of £144,000 (£81,000 profit) and Roundabout, the Renault dealer, was held in check. Other divisions showed good performances with tailors Gieves and Hawkes forging ahead both in the UK and overseas.

Budgets for the current year showed a small reduction in profits for the first half but looked for some improvement for the year as a whole.

Turnover rose from £43.7m to £47.69m and earnings per share from 11.8p to 13.5p. The dividend is increased from 4.2p to 5p with a recommended final of 3.4p. A one-for-three scrip issue is also proposed.

Oglesby and Butler

Profits of the Oglesby and Butler Group, a manufacturer and distributor of electrical, electronic and gas power tools, rose from I£773,000 to I£920,000 (£773,000) pre-tax for 1988.

Earnings amounted to 6.91p (6.53p) and a proposed final dividend of 1.08p makes 2.156p (1.2918p).

UK COMPANY NEWS

Diploma nears £10m midterm

By Vanessa Houlder

DIPLOMA, electronic components and building supplies group, increased its interim pre-tax profits by 8.6 per cent to £9.86m, against a backdrop of "marginally poorer" market conditions.

The rise from pre-tax profits of £9.08m for the six months to March 31, was made on turnover of £68.74m (£61.07m).

Mr Christopher Thomas, chairman, said that the results could be considered "at least satisfactory" and that prospects for the second half were sound. Profits from the electronic components division dipped, due to a change of product mix and a small decline in the market, which has suffered from the shortage of memory devices and a lack of new applications. Diploma said it had achieved a modest improvement in market share.

Macro's technical support activity continued to incur heavy costs, although Diploma said it was confident these would pay off in the future when the distribution market would be more dependent on application specific processes.

The building components business reported good growth despite the confusing and changing nature of the market. Diploma said it would continue to be erratic in the second half but it expected to continue to penetrate the market.

The special steels division, which accounts for about a tenth of the business, had a good half year, reflecting a sound UK market for oil services and general engineering requirements.

Earnings per share increased from 9.4p to 11.2p. The interim dividend rises from 2p to 2.25p.

● COMMENT

Diploma's renowned caution seems more justified than usual given its reliance on three cylical businesses of which two seem to be going into a downturn. The lack of new applications will ensure that the electronic components distribution market remains sluggish although the greater availability of memory devices should help demand generally in the second half. Meanwhile the building components business can be expected to suffer from the interest rate-induced slowdown in housing starts, even though it has relatively modest exposure to the problematic South East. Nonetheless, these respectable interim figures and its success at increasing its market share suggests it is more than holding its own in those markets. Analysts expect profits of about £21m for the full year, which puts the shares – down 8p to 219p – on a p/e of 9. With support from a prospective yield of about 5 per cent, that seems fair value.

Select triples profits

By Vanessa Houlder

SELECT APPOINTMENTS, the USM-quoted recruitment agency, yesterday announced that it had tripled pre-tax profits from £1.91m to £5.81m in the year to April 5. Turnover more than doubled from £18.19m to £41.71m.

Following the announcement, which was accompanied by a confident trading statement, the share price rose by 18p to 164p.

The surge in the share price partially reversed a sharp fall, from 172p to 146p, in mid-March when the company issued a profits warning. Its prediction of pre-tax profits of not less than £5.5m contrasted with its brokers' forecast of £7m.

The original UK businesses increased operating profits by 36 per cent on turnover that increased by 45 per cent. Select said that the drop in margins was due to increased investment in its infrastructure. Select is adding to its network of 34 offices, mainly in the south east, at a rate of six new offices a year.

Mr Zach Miles, finance director, said that prospects for its UK business were buoyant. Even if there was a downturn in vacancies, it would not be affected since its limiting factor was the supply of candidates to fill jobs.

Select's confidence contrasts with some others in the industry, such as Reed Executive, which last December predicted a downturn which would bite into profits.

Select said that its US and Australian acquisitions had changed its geographical mix from being 81 per cent in the UK to being 42 per cent in the UK, 38 per cent in Australia, 15 per cent in the US and 5 per cent in France.

The profits growth was fuelled by a £2.8m contribution from Morgan & Banks, its Australian acquisition that was included for nine months.

The US business made a loss of £250,000 as a result of costs and disruption from integrating CWI, the US temporary agency it acquired last December.

Its French operations made a £300,000 loss, after a "very disappointing" performance aggravated by a squeeze on margins by the large employment agencies in the market. Mr Miles said that Select was rethinking its strategy, although it remained committed to France.

An extraordinary item of £295,000 corresponded to costs of planned restructuring in France, less costs written back related to the acquisition of CWI.

Fully diluted earnings per share, unadjusted for last June's rights issue, increased from 9.4p to 20.1p. A final dividend of 2.3p (1.5p) was declared, making 3.5p (2.5p) for the year.

Baggeridge up 61% to over £4m

Baggeridge Brick, the West Midlands-based brick manufacturer, yesterday reported a 61.5 per cent rise in pre-tax profits for the six months to March 31 1989.

On turnover ahead by 53 per cent to £16.4m (£10.7m), the pre-tax result came out at £4.15m compared with £2.57m for the same period last year.

Mr Peter Ward, chairman, said that trading levels remained high during the first half, helped by the mild winter.

Earnings per share rose 61 per cent from 4.29p to 6.91p. The interim is effectively raised from 0.625p to 0.75p.

LORD CARRINGTON, chairman, yesterday drummed home Christies International's determination to remain independent, writes Clare Pearson.

"It is as well to say that all of us on the board think it in the best interests of the shareholders that we should paddle our own boat, and we don't think we need any help to do it," he said.

His statement, made at the annual meeting, proved timely. Later in the day Christies announced that Mr Robert Holmes à Court, the Australian businessman, had lifted his stake in the ordinary shares by around 1 per cent to 7.28 per cent.

Earlier in the week Christies' shares had received a speculative boost when it was announced that ADT, Mr Michael Ashcroft's Bermuda-registered surveillance systems and vehicle auction group, had acquired a 5.6 per cent stake.

Mr Holmes à Court, whose holding was originally announced last December, is a well-known art enthusiast.

Asked by a shareholder at the meeting whether he thought Mr Ashcroft's stake, which surprised the City, represented any threat to the independence of the company, Lord Carrington merely observed laconically: "Christies always welcomes new long-term investors."

Lord Carrington provided an upbeat statement on current trading, saying sales were well ahead of last year. Of particular encouragement was the "outstanding April" enjoyed by the South Kensington branch, which he said showed the underlying strength of the market.

Shareholders approved a move to enhance the marketability of the ordinary shares, up 34p at £10.35 yesterday, by a one-for-one share split, and a bonus issue.

Suspended Gateway directors defend support for Isosceles

By Nikki Tait

FOUR DIRECTORS of Gateway Foodmarkets, the core subsidiary of the bid-besieged food retailer, Gateway, yesterday defended their decision to support the bid plan put forward by the predator, the newly-formed Isosceles company.

The directors, who have been suspended by Gateway, made their comments as a "correction" to remarks from Gateway chairman Mr Alec Monk last week – a route permitted when the High Court lifted injunctions against them last month. Mr Monk described their action as "appalling."

Speaking through their solicitors, the four men pointed out that they had supported the company in the face of an earlier bid from Barker & Dobson, and believed that the Gateway superstores had a future. However, they went on to suggest that "Isosceles has demonstrated to our satisfaction that the superstores have a value to a dedicated superstore operator which far exceeds their value to the corporation measured by their profit contribution to foodmarkets." The bidder intends to sell off the superstores – with Asda lined up to take the bulk of these.

The quartet also said they believed a viable business would exist following this sale, and that additional disposals of "non-performing divisions" would be beneficial to the Foodmarkets division.

Meanwhile, US-based Mutual Shares Corporation and associated funds have acquired a further 1.17m shares in Gateway at prices of 194½p and 195p, taking their total stake to 10m shares or 1.13 per cent.

NMC shares fall as bid approach fades

NMC Group, the specialist packaging and property company, in which the Saatchi brothers have a significant interest, announced yesterday that talks on a takeover bid approach had been terminated, writes Maggie Urry.

Last week the group revealed that the approach had been made after the share price rose on speculation about a bid. The shares dropped 16p to 139p yesterday, reversing the previous rise.

Mr Norman Gordon, chief executive, said that the whole matter was "a storm in a teacup, and the tea did not even reach the rim." The approach, thought to have come from Jefferson Smurfit, the Dublin-based packaging group which has been busily buying European businesses, amounted to no more than a chance remark during discussions on another matter, Mr Gordon said.

After speculation pushed the share price up, NMC made the original statement at the request of the Stock Exchange and Takeover Panel. When Mr Gordon checked again with the supposed bidder, "there was nothing there," he said.

Delaney chairman ousted

By Andrew Hill

MR NATHU RAM PURI has been ousted as chairman of Delaney Group after less than six months, following an acrimonious clash of management styles at the furniture manufacturer and shopfitter.

Mr Puri, who heads the private industrial group, Melton Medes, owns 29.8 per cent of Delaney and may call an extraordinary general meeting to allow shareholders to consider the board's decision.

He and Mr James Philpotts, chief executive of Melton Medes, will remain as non-executive directors of Delaney.

Mr Puri joined Delaney in December – his first chairmanship of a quoted company – when he and Melton Medes bought the Delaney family's 25.1 per cent stake.

The shares rose sharply after his appointment but have since declined to yesterday's unchanged closing price of 103p.

Mr Puri said yesterday: "The company needs strong leadership and I was ready to give that as chairman."

According to Mr Ray Apted, Delaney's managing director, "unbridgeable gaps" had developed around the board table, between the two Melton Medes directors and the others.

"Nat has adopted a much greater involvement in the executive running of the business than we had ever anticipated, to the point where it's begun to damage some of the operations," he said yesterday.

Melton Medes also holds stakes in Marling Industries and in British Syphon Industries, where Mr Puri is blocking attempts to take the merchanting and manufacturing group private via a management buy-out.

Mr Puri said yesterday he had no immediate intention of bidding for Delaney and in any case would not consider a takeover, through Melton Medes, while still a director of the shopfitter.

Delaney has appointed Mr Nigel Fuller-Shapcott as Mr Puri's replacement.

Conclusions of MMC on UniChem share scheme

Arrangements declared to be against public interest

by David Waller

THE CENTRAL conclusions of the Monopolies and Mergers Commission's report into UniChem's share incentive scheme – whereby shares in UniChem were issued in return for higher levels of business – were as follows:

"the arrangement has increased the risks and costs of its competitors and reduced their effectiveness as competitors to UniChem;

"if the arrangements were to continue, they would reduce competition in the wholesale supply of pharmaceutical goods to retail pharmacists in the UK, and;

"this reduction in competition would result in lower discounts to pharmacists, loss of choice for pharmacists and a reduction in the quality of service for National Health Service and its patients.

The effects would would become increasingly serious as the scheme continued to operate – all in all, a situation deemed to be against the public interest.

Accordingly, the MMC recommended that the scheme come to an end forthwith: any shares issued by Unichem in future should not be related to purchases. The Government has accepted these recommendations.

The report found that UniChem was in a unique position among pharaceutical wholesaling companies to win new business, not by cutting prices or offering a better service, but by issuing shares at a price significantly below that obtainable on flotation.

UniChem could only operate the scheme because of its status as a Friendly Society regulated under the Industrial & Provident Societies Act 1965. The arrangements have had a significant impact on UniChem's market share – helping to boost its turnover last year by £166m or 30.6 per cent taking market share from 30 to 35 per cent.

"In our view," the report stated, "given the low margins in the industry competitors [would not be] in a position to compete by price reduction or other discounts."

A unique feature of the scheme to date was that it carried no financial cost to UniChem itself.

The report pointed to the paradox of a co-operative attracting new members by way of the promise of a capital gain arising from it ceasing to be a co-operative.

"It seems to be the very antithesis of the carrying on of the business of a co-operative society".

The continuation of the scheme would have a further impact on competitors were it to be continued. "We would expect the distortion of the scheme to increase should the arrangements continue in their present form," it said.

"We believe that uncertainties and costs arising from this particular anti-competitive practice at the very least increase the risks and costs of doing business and reduce the effectiveness of UniChem's customers, which will ultimately rebound to the disadvantage to the customers."

A voice of dissent came from Mr R. Young, one of the enquiry-members. He believes that the scheme is neither anti-competitive not against the public interest and that the scheme should run its full course.

UniChem Limited. A report on UniChem's arrangements and proposed arrangements for the allotment of shares in capital can be obtained from HMSO, price £8.20.

Share of UK beer market increases by 2% to 23%

Bass profits jump 46% to £289m

By Lisa Wood

BASS, Britain's largest brewer, yesterday announced a pre-tax profit of £288.5m for the half year to April 8, a 46.5 per cent increase on the previous year and ahead of City forecasts.

The group's share price however closed unchanged at 951p mainly because of a higher than expected property disposals which at £80.4m - compared with £35.3m last year - included £64m from the sale of hotels on the Continent.

Mr Ian Prosser, chairman, said the company had made an excellent start to the year and he was confident of further progress in the second half.

Earnings per share were 59.1p compared with 39.8p last year. The interim dividend was increased from 5.4p per share to 7p, a move which Mr Prosser said recognised the disparity between the interim and final dividend last year and should not be taken as any indication of the rate of increase for the full year.

Mr Prosser, who led brewers in giving evidence to the Monopolies and Mergers Commission, declined to make his opinions known on specific proposals in the Commission's report or how they may be amended in the current talks brewers are holding with the Government. Speaking on behalf of Bass and not the industry Mr Prosser said: " We are aware of the opportunities and the alternatives."

Turnover for Bass in the 28 weeks ended April 8 was £1.997bn compared with £1.784bn last year. Brewing contributed £1.02bn (£929.2m), hotels and restaurants £226.5m (£159.9m), leisure £425.4m (£338m) and soft drinks £438.6m (£477m).

Operating profits were £232.5m (£174.7m) with brewing and pubs increasing from £146.9m to £164.3m, an 11.8 per cent increase. The division, which spent heavily on advertising and promoting its brands, increased its share of the UK beer market by over two per cent to 23 per cent. Carling Black label, Britain's biggest beer brand, increased by four per cent and draught Bass by 7.6 per cent. Sales of low alcohol products were particularly encouraging, said Bass.

The hotels and restaurants division - with Toby Inns, Crest and Holiday Inns increased its operating profits from £21.6m to £33.4m.

Occupancy and average room rates were up at Crest, 22 Toby units were opened and 2,700 rooms were added to Holiday Inns.

The leisure division growth was "first class" said Mr Prosser, contributing £24.4m towards operating profits, an increase of 25.9 per cent on last year. Bass said Coral Racing performed strongly, with slightly improved margins and growth in volume. Mr Prosser said the introduction of SIS, the satellite information system, had helped growth in volume. Bingo performed well, benefitting from the Zetters acquisition said Mr Prosser.

The soft drinks division, including Britvic Soft Drinks contributed £10.4m towards operating profits compared with a loss of £12.8m last year. Last year's figure included a loss of £16m for the Horizon Travel Group which has been sold.

Mr Prosser said Britvic had high volume increases in all its main brands. Rationalisation of production and distrivution facilities continued according to plan. The Hedges and Butler joint venture with Bacardi and Martini, called Westbay Distributors, was in place. Cognac Otard and Alexis Lichine both produced increases in profits.

See Lex

Bid likely for Holmes Protection Group

By Andrew Hill

HOLMES PROTECTION Group is preparing itself for a possible bid, following yesterday's announcement of a 25 per cent drop in pre-tax profits for 1988.

The New York electronic security group, which has a *London listing, has asked Salo*mon Brothers to assess the value of the company, which is worth about £62.5m at yesterday's closing price of 91p, up 1p.

Predators, who have been circling the company for some time, will probably regard the move as an invitation to take a closer look at Holmes. Last year it attracted the attention of Mr Michael Ashcroft's ADT Group, but a bid from that quarter would undoubtedly fall foul of US anti-trust regulations.

Holmes's profits in the year to December 31 fell from $12.4m (£7.69m) to $9.3m before tax as the long-running and costly integration of Holmes's new central burglar alarm *monitoring station in Manhat*tan took its toll on quality of service.

The group said more clients than expected had cancelled or failed to renew their contracts, cutting some $5m from pre-tax profits.

Holmes has sacked its US executive directors – Mr Berry Packham and Mr Mark Wiener – and replaced them with Mr John Flack, formerly at Peat Marwick, and Mr Ray Adams. Mr Adams was chief operating officer and director of Holmes from 1983, when his security group was taken over

"They failed to exert the discipline that is necessary in that sort of business," said Mr Brian O'Connor, Holmes's chairman.

Overall revenue was up from £59.5m to £66.7m – the majority of that from monitoring and service – but earnings fell from 18 cents to 13.3 cents per share. A final dividend of 2.1 cents makes 3.2 cents (3.1 cents) for the full year.

● COMMENT

Holmes is for sale. But how much will potential predators – ranging from electronics to pure security groups – be happy to pay, given the company's recent history? Holmes argues that its core business is still sound: the central Manhattan monitoring station is functioning, although outlying subscribers still have to be linked up. But management abilities have been called into question *and Mr Ray Adams, who has a* reputation for tough cost control, can hardly be more than a temporary firefighter. Guesses at a break-up price range from 80p to an ambitious 130p a share (valuing the whole company at about £89m) from Holmes's house broker, Henderson Crosthwaite. Forecast pre-tax profits of $10m for 1989 put the shares on a prospective p/e of about 11 – artificially low thanks to a minute tax charge, and still a gamble, even with bid prospects.

Wm Sommerville to be sold for £4.7m

By David Waller

WILLIAM SOMMERVILLE's life as an independently-quoted company is to come an end. The small family-controlled Scottish paper mill, which last year had sales of £9.6m, is to be taken over in a agreed £4.7m deal.

The buyer is a UK subsidiary of the James River Corporation, a Virginia-based paper company with sales in excess of $5bn (£3bn). The cash offer is pitched at 720p per share compared to yesterday's opening price of 670p.

Sommerville's management intends to stay on. The company yesterday said that its best interests would be served by finding a strong trading partner. "Despite the company's concentration on the high quality end of the market, the future for a small independent paper maker would become increasingly difficult," it said.

The company, which made pre-tax profits of £87,000 last year, specialises in making unbranded fine paper for printing, writing and office stationery. Profits for the half year slipped from £42,000 to £33,000, mainly because of maintenance costs at the Dalmore paper mill in Penicuik, Lothian.

James River made its first investment in the UK in April 1984 when it bought GB Papers, another Scottish paper company.

McLaughlin stake lifted

The stake held by Mr Charles Yuill, chairman of UK private property developer Thorbourne, and others acting in concert in McLaughlin & Harvey, the Northern Irish building contractor and housebuilder, has increased from 16.71 per cent to 21.13 per cent.

Mr Charles Denny, McLaughlin's chairman, said his company and Mr Yuill's operated a joint venture, Allied McLaughlin Thorbourne, in Northern Ireland.

Charles Barker board under fire

By Nikki Tait

REMUNERATION levels, coupled with recent profit and share performance at Charles Barker, the advertising, public relations and recruitment group, yesterday came under fire at the company's annual meeting.

Mr David Norman, the company's chairman, also warned that first half profits for the group are likely to be lower than in the equivalent period last year - when they reached £2.15m. This, he said, was "as planned and due to phasing". He also added that a "reasonable start" had been made in the first quarter of 1989, and that the group expected an *overall advance in profitability* for the full year.

Mr Norman came attack from three separate shareholders. Mr Jasper Archer, who previously worked for Charles Barker, drew attention to the profit-related bonus elements included in the pay of both Mr Norman and the highest-paid director and asked whether this was expected to continue. The former received £308,344 in 1988 and the latter, £622,053,of which rofit-related bonuses were £86,016 and £459,031 respectively.

In reply, Mr Norman explained that these resulted from the Norman Broadbent International subsidiary - where, although Barker acquired 100 per cent back in 1986, 50 per cent of NBI's profits are allocated to a bonus pool for NBI employees. As Mr Norman stressed yesterday, the price paid by Barker at the time, reflected this aspect of the deal. Afterwards, Mr Norman declined to identify the highest-paid director, but it is generally assumed to be Mr Miles Broadbent.

Mr Archer, however, went on to point out that these emoluments appeared anomalous alongside those of directors of much larger companies, and that they exceeded the entire amount paid out by way of dividends to shareholders.

The attack was then taken up by Mr John Page, a former finance director of the group, who suggested that - once exceptional costs were stripped out from the 1987 figures - the group's pre-tax profits had been static between 1987 and 1988. That, said Mr Norman, was fully disclosed in the accounts.

Mr Page went on to query the sale price of the Rapier below-the-line businesses, given their subsequent performance, while a third shareholder expressed concern about the recent share price performance, asking for further assurances over the future. Pointing to the distorting effect of bid speculation last summer, Mr Norman suggested that the future price would reflect the company's ability to earn "good profits" for its shareholders.

Keystone Investment

Keystone Investment Company had a net asset value of 416p at March 31 compared with 330p a year earlier. Net revenue for the six months to end-March was £400,617 (£517,703) for earnings of 2.79p (3.62p) and directors anticipated that income for the second half would be considerably higher than in the first. Interim dividend 3p (2.5p) and final of at least 6p forecast.

NFC continues growth with 55% improvement to £32.6m

By Clare Pearson

STRONG GROWTH continued in the second quarter at NFC, the largely employee-owned transport and distribution group which joined the stock market in February. It yesterday announced interim pre-tax profits after profit-sharing 55 per cent higher at £32.6m.

The directors signalled increasing confidence by upping their "best view" of the full-year pre-tax figure to £89m, a 33 per cent increase and £2m higher than was *estimated* at the end of the first quarter.

NFC also noted yesterday that employee shareholders had significantly held on to their core shareholdings since the company's flotation, and had taken up about 50 per cent of their entitlements to the one-for-eight rights issue that *accompanied it. They now* speak for 31 per cent of the shares.

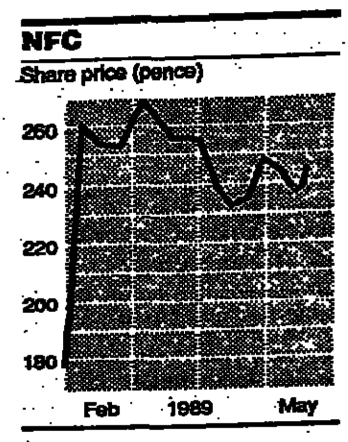
The profits advance was achieved despite deepening losses at Tempco Union, the cold storage operation, and the depressant effects of higher interest rates in the UK on the domestic home removals and *package holiday businesses.*

Earnings per share were up from 4.4p to 6.7p. The dividends recommended for the first two quarters total 2.45p, a 44 per cent increase. Turnover was £647.5m (£481.5m).

All companies within the transport division, including

NFC

Share price (pence)



Lynx, the parcels business which last year moved into profit after years of losses, *improved their contributions* and this division pushed operating profits ahead to £17m (£12.9m).

The company said the distribution division, where operating profits were £10.5m (£10.4m), would have been 20 per cent ahead but for the inclusion of 60 per cent-owned *Tempco*, which was being repositioned after the decline in EC intervention stocks.

Helped by the sale of one of the cold storage sites, the property division, which among other things has a stake in the redevelopment at King's Cross, put in £8.9m (£2.8m). Losses from Pickfords Travel worsened to £3m (£1.2m).

The home services division, which operates internationally and groups removals and delivery services, made £8.4m (£5.9m). This included a downturn on the UK removals side but a contribution of over £2m from Allied Van Lines, which was not acquired till the second quarter of last year.

● COMMENT

One of the handy things that is emerging about NFC's persistence, post-flotation, with its habit of providing a "best view" on a quarterly basis, is the light it casts on the sector as a whole. Yesterday, the company's comments that road haulage operations had improved during the second quarter dispelled some of the gloom still lingering from remarks made in March by Transport Development Group when it reported 1988 results. At the same time, however, these figures underlined that NFC is superior to many of its peers in that the spread of its business has enabled it to weather storms in a number of its business areas. On the "best view" basis, the shares stand on a prospective p/e of 13.5; entirely justifiable, especially since the feared flood of employee shares shows no signs of being unleashed.

B Elliott doubles to £4.4m

By David Waller

B ELLIOTT, the engineering group which recently bought four businesses from Williams Holdings for £22.4m, yesterday announced pre-tax profits up 99 per cent to £4.44m for the year to end-March.

The figures were very slightly ahead of the £4.4m forecast when Elliott bought the Williams companies last month.

Turnover rose from £65.58m to £81.52m and earnings per share climbed from 5.69p to 10p, an increase of 76 per cent.

Mr Michael Frye, chairman, said that phase one of his restructuring strategy – the profit improvement plan – had now been completed. With four separate businesses, each contributing £1m or more to profits, the company had come a long way over the last two years.

The company had been heavily dependent on South Africa for its profits while a hefty slice of turnover came from the machine tools sector, which generated very little in the way of profit. The aim now was to improve the exisiting businesses via selective invest*ment and support.*

The specialist engineering division lifted profits from £401,000 to £1.32m; machine tool profits doubled to £1.64m and electrical engineering profits rose from £873,000 to £1.05m.

Profits at the South African division, Goldfields, improved from £1.3m to £1.57m.

Extraordinary items absorbed £1.26m as opposed to £3.23m in 1987-88; last year's charge arose becasoe of delays and technical problems on old contracts at the grinding machine tool factory.

A final dividend of 2.5p is proposed, taking the total to 3.6p (3.3p).

● COMMENT

Yesterday's figures from Elliott were bang in line with the forecast made last month. That should not be allowed to obscure Mr Frye's very real achievement over the last two years. When he took control, the company was in the unfor*tunate* position of deriving 50 per cent of its turnover from the basically unprofitable machine tool business and the bulk of its profits from a steelmill in South Africa. From the City's point of view, this was not an attractive combination. Steadily, Mr Frye has dug the company *out* of the mire and won many *admirers along the* way. Although stage one of the turnround is complete, there is clearly plenty more growth to chase, via both further acquisitions and margin improvement at the existing businesses – while the company has retained a good niche in the machine tools business, making the grinding machines used to construct jet engines, margins are still extremely low. Up 3p to 116p, the shares are on a prospective multiple of 9.6 if this year's profits amount to £8.5m: this looks low in the light of the record.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Baggeridge Brick ......int	0.75	-	0.625*	-	2.5*
Bass ......int	7‡‡	July 24	5.4	-	23.5
Capital Radio ......int	6	July 7	3	-	10
Diploma ......int	2.25	July 3	2	-	7.5
Elliott (B) ......fin	2.5	-	2.3	3.6†	3.3
Foster (John) ......fin	3.75†	July 18	3.25	5.5	4.75
Gieves Group ......fin	3.4	July 1	2.7	5	4.2
Holmes Protect ......fin	2.1☆	July 28	2.1	3.2	3.1
London &Assd Inv....fin	0.25	-	0.21*	0.4	0.33*
Keystone Inv ......int	3	-	2.5	‡	8.5
M'summer Leisure....int	1.2†	July 3	0.8	-	2.08
NFC ......int	1.25‡	July 6	-	-	-
Oglesby Butler ♦......fin	1.084♣	-	1.291	2.156	1.291
Perpetual ......int	0.8	-	0.8	-	2.5
Sainsbury (J) ......fin	3.55	July 14	2.95	5.05	4.2
Select Appts § ......fin	2.3	July 28	1.5	3.5†	2.5
Tomkinsons ......int	3.5	-	3	-	10.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆US cents. ♣Irish currency. ‡Second interim dividend: first interim dividend of 1.2p already paid. ‡Minimum 6p final forecast. ‡‡Partly to reduce disparity.

European buy for Hawker Siddeley

By Vanessa Houlder

Hawker Siddeley, the electrical and mechanical engineering group, yesterday announced the first of a planned series of acquisitions in continental Europe.

It has bought a 49 per cent shareholding in ELCO Elettromeccanica Fratelli Colombo, an Italian manufacturer of small electric motors.

ELCO makes motors and blowers for refrigeration, ventilation and air conditioning markets worldwide. It has annual sales of approximately £30m and assets of about £15m.

Hawker Siddeley said that the deal would allow Brook Crompton Motors, its UK motor specialist, to expand further into Italy.

UK COMPANY NEWS

Profits more than doubled and new chief executive appointed

Ultramar at top of expectations with £32.2m

By Steven Butler

ULTRAMAR, the diversified oil group, yesterday appointed Mr Jean Gaulin as chief executive, replacing Mr Lloyd Bensen, while announcing net profits more than doubled in the first quarter from £13.9m to £32.2m.

The results came in at the top of analysts expectations and Ultramar shares, which have risen strongly recently, added another 8p yesterday to close at 331p. Quarterly cash flow also hit a record of £70.1m, up from £37.6m, while earnings per share increased from 4.9p to 8.8p. Sales totalled £388.8m, a rise of £104.9m.

Mr Gaulin, a 46-year-old process engineer who has been with Ultramar off and on since 1969, is French Canadian and most recently headed the group's Canadian operation, consisting of a large refining and marketing business in Quebec.

He was also recently given overall responsibility for Ultramar's entire downstream operation, which was boosted last year by the purchase of the Wilmington refinery in southern California.

US west coast profits rose from £2m a year ago to £12.7m in the first quarter, reflecting the addition of the refinery as well as high refining margins. The Canadian business also saw record first quarter profits, hitting £24.4m, up from £13.7m.

Quarterly oil production was 11 per cent up at an average of 114,600 barrels a day on an oil equivalent basis, consisting of 28,900 b/d of crude oil with the balance in gas.

Liquefied natural gas deliveries to Taiwan are expected to start in the second quarter of 1990 following completion of a receiving terminal there. The fifth train of the Bontang LNG plant in Indonesia is expected to be finished in December.

Tony Andrews

Jean Gaulin, who replaces Lloyd Bensen as chief executive

North Sea oil production also rose substantially because of the acquisition of Blackfriars.

Mr Gaulin said yesterday that Ultramar was actively trying to sell its Canadian upstream business, with proven reserves of about a 21m barrels of oil and gas, but was looking to expand its natural gas business in Texas and Louisiana, where he believed the market was strengthening.

Mr Gaulin said he was coming to the job of chief executive at a time when a broad strategic reshaping of the company had mainly been achieved, although he intended further expansion of the California retailing operation and upgrading of the recently-purchased refinery. His principal goal, he said was to continue improvements to earnings per share, and to maintain returns higher than industry averages. He also would seek to strengthen the company's balance sheet, which currently has a gearing ratio of 69 per cent.

He said it was important for Ultramar to continue to be a growth oriented company that maintained what he said was an entrepreneurial spirit within the group. Growth would be achieved within existing core areas. He also hoped to achieve greater operational integration

Mr John Darby, chairman, said that Mr Bensen had made a decision on his own to step down a year-and-a-half before his retirement age in order to effect a smooth transition. He was chief executive at Ultramar for 15 years, and will remain as an executive director of the group.

See Lex

Exports boost Foster to £3.4m

By Alice Rawsthorn

JOHN FOSTER, the wool textile group best known for its luxury cloths and for its association with the prize winning Black Dyke Mills brass band, boosted pre-tax profits by 51 per cent to £3.43m in its last financial year thanks to buoyant exports.

Although the mainstream manufacturers in wool textiles are currently suffering from sluggish consumer spending and increasing imports, the upmarket manufacturers, like Foster, are benefiting from buoyant demand.

The group increased turnover to £34.77m (£27.03m) in the year to March 3. Pre-tax earnings per share rose to 32.6p (23.7p) and post tax, because of a full tax charge, they were marginally lower at 21.1p (22.1p); the board proposes a final dividend of 3.75p making a total of 5.5p (4.75p). Foster's shares increased by 2p to 168p on the announcement yesterday.

Foster sells most of its cloths – directly and indirectly through agents – to Japan. The healthy level of demand for luxury suitings in Japan, combined with the strength of the Yen, helped to boost Japanese sales by 45 per cent to £12.68m last year.

The group also increased its exports to Europe by 47 per cent to £8.43m. Mr David Breton, financial director, said the level of overseas demand had been healthy so far in the present financial year.

He said the group had also experienced buoyant demand in the domestic market, especially for the most expensive luxury suitings. Similarly, he said, the healthy level of domestic demand had continued in the opening weeks of this year.

Foster raised £2.7m in a one-for-four rights issue last summer in order to re-equip its production plants and to finance acquisitions.

It completed the purchase of John Gladstone, a specialist cloth dyer and finisher, for £1.06m in April. The acquisition turned Foster into a vertically integrated cloth manufacturer. Mr Breton said the group had already transferred cloth to Gladstone for finishing. This should produce benefits in terms of production planning and quality control.

Foster invested about £850,000 in capital expenditure last year. In the present year it intends to spend around £2m. It has already installed a new batch of weaving looms.

Midsummer bucks trend and rises 62% to £4.6m halfway

By John Thornhill

DESPITE RESTRICTED consumer spending and high interest rates, Midsummer Leisure, the pub, snooker club, disco and shop-fitting company, succeeded in increasing pre-tax profits by 62 per cent in the six months to March 31. The taxable result was £4.55m and compared with the £2.81m achieved last time.

Turnover advanced 70 per cent to £32.5m (£19.13m).

Mr Adam Page, chairman, said the company had been able to maintain its growth momentum as a result of acquisitions and developments and was confident of a strong second half. "All things considered, it has been very satisfactory," he added.

Profits from the leisure retailing division, which includes Midsummer's bars, restaurants, pubs and snooker clubs, almost doubled and the division contributed £5.16m (£2.64m).

The company's leisure equipment manufacturing activities yielded £651,000 (£511,000), and contract services, including shop-fitting operations, made a profit of £647,000 (£240,000).

However, sharply increased interest charges of £1.55m (£363,000), and escalating central costs of £355,000 (£220,000) put the brakes on the profit advance.

An interim dividend of 1.2p (0.8p) has been declared. Earnings per share worked out through at 7p (4.6p), a 52 per cent rise.

Midsummer is expecting to benefit from the implementation of the recent Monopolies and Mergers Commission report on the restructuring of the brewing industry. Mr Page said the company was planning to increase the number of its pubs and would be able to buy wholesale goods at more competitive prices.

● COMMENT

Midsummer has been expanding at a furious rate in the last few years and the company is now harvesting some of the benefits of these developments. Last year's major acquisitions in the leisure retailing sector – Bruce's Brewery, which includes the Firkin range of pubs, and the EJ Rose chain of London pubs – seem to be performing reasonably well after some initial resistance, indeed the profits from a recently-opened Firkin pub in Derby have been particulalry encouraging. Further expansion is under way. The results of the MMC's deliberations, whatever their final form, will probably give an additional fillip to Midsummer, although it would be wrong to assume that choice opportunities are simply going to fall from the sky. The shop-fitting operations have many attractions at the moment but the manufacturing side of the company does not seem to have equal appeal. Given the variety of the company's parts and the unpredictability of the markets it operates in, there is some uneasiness among followers about predicting its future course. But if the company's big ambitions do bear fruit, then a prospective p/e ratio of 15 resulting from assumed pre-tax profits of about £11m has its attractions.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY– Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1988							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OUTPUT– By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1988							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXTERNAL TRADE– Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1988							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April							[illegible]

FINANCIAL–Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit £m	Base rate %
1988							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April							[illegible]

INFLATION–Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earn- ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters' cmdty.	Sterling
1988							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April						[illegible]	[illegible]

*Not seasonally adjusted.

†Net changes in amounts outstanding, excluding bank loans.

Perpetual profits halved to £0.77m

Taxable profits of Perpetual, the unit trust management group, more-than-halved to £766,000 in the six months to end-March compared with the same period in 1987/88.

Mr Martyn Arbib, chairman, said that although world markets had generally recovered ground lost during the market crash in October 1987, sales of the group's units had yet to recover. It reflected a general lack of investment confidence in equities, he stated.

Distributive channels of unit trusts had been badly disrupted by legislative changes and recovery in sales in the short term "seems unlikely".

Turnover dived to £23.02m (£52.71m), while earnings per 10p share halved to 2.01p. The interim dividend is maintained at 0.8p.

BOARD MEETINGS

TODAY

Interims– Carr's Milling, Fulcrum Inv Trust, Morland, Priest Marians, Rand Mines, River & Mercantile, Wheeson.

Finals– Appleby Westward, Bank of Ireland, Fine Art Developments, Gerrard & National, Glamar, Globe Inv Trust, LEP, Saltire Insurance Investments, Wilson Investment.

FUTURE DATES

Interims–	
City Site Estates	May 23
Hoskyns	June 14
Rynock (G & G)	May 19
Radio Clyde	May 19
Scottish Inv Trust	May 25
Wherway	May 22
Finals–	
Airflow Streamlines	May 25
Allied Colloids	June 6
Argyle	June 8
British-Borneo Petroleum	May 22
Eastern Produce	May 25
Harwell	May 24
Hewitt Whiting	May 26
Jarvis Porter	May 26
Mansfield Brewery	June 14
NEC	May 26
Sketchley	June 8

Analysts upgrade estimates as Capital Radio advances 82%

By John Ridding

CAPITAL RADIO, the London commercial station, yesterday announced an 82 per cent increase in taxable profits for the interim period and further expansion into television through the acquisition of Ewart, a private independent television production facility.

Capital is paying £7.3m for Ewart – £725,000 cash with the balance emanating from a vendor placing of 787,426 new ordinary shares at 835p apiece. BZW, which conducted the placing, said that the offer was oversubscribed and taken up by about 25 institutions.

Mr Nigel Walmsley, managing director, said that the acquisition reflected Capital's strategy of developing its television related businesses and broadening its base in the entertainment industry.

He added that Ewart was well placed to benefit from the increasing demand for television programmes brought about by the deregulation of television broadcasting and by government guidelines that up to 25 per cent of programmes should be made by independent producers.

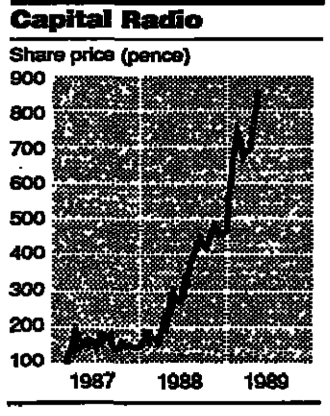
In the eight months to end-April, Ewart reported pre-tax profits of £542,000 on turnover of £1.6m.

Capital shares slipped just 4p to 864p on news of the issue, reflecting strong interim figures for the six months to March 31.

Pre-tax profits rose 82 per cent from £3.66m to £6.68m for the comparable periods, and the increase would have been higher but for the upward revision of 1988's figures resulting from the elimination of a £570,000 provision relating to secondary rental charges. At the end of last year the IBA decided to drop this charge as part of its move towards reducing cross-subsidisation in the radio sector.

Capital Radio

Share price (pence)



Turnover increased from £13.3m to £16.84m and earnings per share were up from 14.9p to 27.1p. Capital said that the strength of the figures, plus a £404,000 extraordinary item resulting from the resolution of a copyright dispute with Phonographic Performance, prompted the board to double the interim dividend from 3p to 6p.

The principal factor in the improved results was the buoyancy of advertising revenues which is benefiting the sector as a whole. Mr Walmsley said that these had increased by 26 per cent over the period and accounted for over 90 per cent of total profits. He added, however, that although the second half had started well it should not be assumed that advertising growth would necessarily be maintained.

● COMMENT

Capital's outstripping of City forecasts was as familiar as the note of caution expressed by Mr Walmsley. To a degree his caution is sensible; retail clients, which dominate radio advertising, are experiencing pressure in sales, and revenues are known only a few weeks in advance. Nonetheless, there are as yet no signs of weakening in the sector's dramatic growth. Advertising revenues remain buoyant and, given the fixed-cost nature of the sector, flow straight to the bottom line. Benefits will also accrue from the reduction of IBA rental charges and, in the longer term, the purchase of Ewart appears a shrewd diversification into a potentially lucrative area. Analysts have again upgraded forecasts and are now looking for £14m for the full year, taking Ewart on a merger accounted basis. This puts the shares on on a multiple of around 16.5, reflecting the reappraisal of the sector which has sent the shares from 161p at the beginning of 1988 to 864p at yesterday's close.

COMMODITIES AND AGRICULTURE

Copper industry worried about regulation plans

By David Blackwell

PROPOSED CHANGES in futures trading regulations could affect trading on the London Metal Exchange to the detriment of the copper industry, according to the International Wrought Copper Council, a body which brings together both copper producers and consumers.

The council, which ended its 45th joint meeting in Vancouver yesterday, is concerned that changes in the rules governing credit granted to customers by futures brokers will force the exchange to change to a cash cleared market.

The costs and restrictive nature of this would inevitably fall on the brokers' clients, mainly the non-ferrous industry itself, says the council.

"The copper industry fears that this might lead to the creation of shadow terminal markets offshore, which would erode the LME's essential and world recognised price formation role," it says.

At present, LME contracts are settled on the delivery date, whereas a cash cleared market requires profits and losses to be settled in cash every day.

The recent consultative paper from the UK's Securities and Investment Board, coming at almost the same time as moves by the US Commodities and Futures Trading Commission on the treatment of US clients by UK futures brokers, suggests "that there may be increasing adverse pressure on the LME's methods of trading," says the council.

The LME, already concerned about the SIB's proposals for restrictions on the granting of credit, has been particularly worried by the CFTC's insistence that UK brokers should segregate US client business into separate accounts.

Mr Didrick Normark, chairman of the IWCC's copper committee, said yesterday that London was not a sacrosanct location for the main world copper market.

"But the LME is known and respected; it is a free market, and it serves our industry and its suppliers and customers well as a price reference and a hedging basis. Of course there are risks involved in dealing with LME brokers, just as there are risks in any commercial dealings.

"But if the UK authorities stifle the market to the extent that it becomes too expensive for us to use, alternatives are bound to be considered."

● Western world copper supply and demand are likely to be almost in balance this year, the council said.

Refined production and consumption rose by 3.8 per cent to record levels in 1988. This year, output is seen rising by 4.6 per cent, but the increase in offtake is likely to be less than 2 per cent.

But these forecasts do not take into account the possibility of strikes in the North American industry as labour contracts expire.

MIM to build high-tech lead smelter

By Bruce Jacques in Sydney

MIM HOLDINGS, the Australian company which operates the world's largest lead and silver mine at Mount Isa, has begun a new production era with a decision to build a A$65m (£30m) high-technology lead smelter.

The smelter, long-mooted by MIM, will set the group's base metal strategy for the next century when production from the Mount Isa mine falls and the company increasingly relies on the new nearby Hilton orebody.

Using the Isasmelt technology developed by MIM, the smelter will allow annual lead production to rise from 180,000 to 200,000 tonnes and zinc output to lift from 200,000 to 250,000 tonnes. It will be built over 18 months, with an annual capacity of 60,000 tonnes. The existing lead smelter will continue to operate, but at a reduced level.

Pilot Isasmelt plants have been operating in both the lead and copper smelters at Mount Isa for several years, suggesting major cost savings, especially on energy. Sir Bruce Watson, MIM chairman, said yesterday the new smelter was vital to the company's plans to reduce costs and stay competitive.

Greenhouse boost for UK crops

By John Hunt, Environment Correspondent

BRITISH FARMERS could benefit from rises in temperature resulting from the "greenhouse effect" of global warming and produce more for European and world markets, Professor Martin Parry of Birmingham University predicted last night.

Estimates of temperature rises likely to be caused by climatic change were 0.5 degrees C by 1995-2005, 1.5 degrees by 2015-2050 and three degrees by 2030-2100.

Reduced moisture and higher temperature could mean that the US great plains and the Canadian prairies would have a significantly reduced farming potential. But an increase in average temperatures would lengthen growing periods in northern Europe while shortening them in the Mediterranean countries.

"We should not rule out the possibility of northern and central Europe increasing its role as a producer to the world food market," said Prof Parry, who is head of the Atmospheric Impacts Research Group in the Department of Geography at Birmingham University.

Rising temperatures could lead to a substantial northward shift in the potential for growing crops such as maize and sunflowers in Britain.

Even a half degree warming could shift limits of cultivation 90 miles northwards.

The greater warming beyond 2050 could mean that soyabeans and navy beans, at present grown in northern Italy, might be cultivated in southern England. Prof Parry emphasised, however, that there was great uncertainty about how temperatures and rainfall would be affected. Only the broadest changes could reasonably be estimated.

"We need to know more about how quickly agriculture can adapt to the kinds of climate change we may experience and how we can assist in that adaptation," he said.

"Whatever policies do emerge there will be opportunities as well as costs for agriculture."

Prof Parry was delivering the Asher Winegarten Lecture in London commemorating the former National Farmers' Union chief economist and director-general.

Bauxite workers reject strike settlement

By Canute James in Kingston

GUYANA'S SUGAR workers have ended a 6-week strike, but those in the bauxite industry are refusing to return to work. About 25,000 workers in both sectors went on strike following a 70 per cent currency devaluation on April 1, to protest at price increases.

Trade unions announced last weekend that agreement had been reached for an end to the strikes. Workers began returning to their jobs on Monday, but on Tuesday the bauxite workers rejected the agreement reached by their union. Union officials said new proposals had been put to the state-owned Guyana Mining Enterprise for wage increases.

Mr Dunstan Barrow, chairman and chief executive of the company, said the strike had cost the bauxite industry about US$9m in lost earnings in April.

He said shipping schedules had not been affected as stockpiles were used. The industry will, however, be unable to meet the production target of 1.7m tonnes for this year. Last year's output was 1.4m tonnes.

The decision of the mine-workers to continue the strike coincided with an agreement between the government and the European Community for a loan of $35m to rehabilitate the industry and open new mines. Mr Errol Hanoman, finance director of the state-owned Guyana Sugar Corporation, said the Government would be pleading force majeure for its inability to meet its quota to the European Community.

Guyana has an annual quota of 167,000 tonnes, and needed to ship 89,000 tonnes between January and June of this year. Mr Hanoman said when that the strike started 49,000 tonnes had been exported, but that the industry would not be able to ship the remaining quantity by June.

The industry's production target for this year was 200,000 tonnes, but Mr Hanoman said this will have to be lowered because of the strike.

Guyana's sugar output last year was 167,500 tonnes.

Meanwhile, Alumina Partners of Jamaica, whose 1.2m tonnes per year bauxite refinery in southern Jamaica was reopened in March, this week made its first alumina shipment, six weeks ahead of schedule.

The company said 7,300 tonnes had been shipped to the Kaiser Corporation in New Orleans. Kaiser and Hydro Aluminium of Norway are owners of the refinery, closed just under four years ago. Officials said by the end of this year it would be producing at an annualised rate of 800,000 tonnes.

All systems go for Brazilian soya

John Barham reports on the season when everything went right

ALMOST EVERYTHING has gone right for Brazilian soyabean growers this year, and with the harvest is now at its height, earlier expectations of an outstanding crop appear fully justified.

Traders say Brazil should produce a record 22.13m tonnes, 21 per cent more than a year ago. About 68 per cent of that will be exported, fetching an estimated $3.8m, a quarter more than in 1988.

Good planning and excellent weather were the key factors in this year's splendid harvest. The right amount of rain fell at the right time over nearly all soya growing regions.

Last year's high prices, caused by the drought in the US Mid-west, allowed farmers to splash out on new, more efficient equipment. With more also being spent on pesticides and soil treatment control, the net result was an 11 per cent increase in yields.

The state of Rio's Grande do Sul, in southern Brazil, has now become a leading soyabean region, accounting for a third of national output, because productivity has recovered to levels not seen for 12 years.

Parana State, to the north, was once the largest producer, but it suffered serious drought earlier this year.

Even though farmers are awash with soyabeans, they have been slow to sell. Mr Stanley Haar, a US consultant, said that farmers are still holding on to as much as 80 per cent of these higher harvests. Other estimates even speak of 19m tonnes of beans still being in farmers' hands.

Analysts expect the market to begin moving again soon, they point out that producers have been waiting for adjustment of the overvalued Brazilian currency, which they say is set at 20 per cent above its real value. The Government decided last Thursday to begin devaluing the cruzado. So exporters will get more and more cruzados for every dollar's worth they export, offsetting the effects of inflation.

Mr Haar mentioned that pressure to sell could begin building in the coming weeks as farmers' financial commitments fall due.

Other observers noted, however: "At the moment, farmers may be right in thinking that soyabeans are as good an investment they can get. What would they do with the money from their sales? Inflation, economic instability and the approaching presidential election in November have made farmers, like all other Brazilians, wary of holding the weak cruzado."

Many farmers are also betting on a second disappointing US crop and expecting the entry of China and the Soviet Union into the market to force prices up.

Brazilian farmers do not hedge, the very concept is alien to them. Furthermore, the Central Bank tightly restricts trading in the Chicago futures market in spite of the absence of an adequate local contract. Thus on Friday the Sao Paulo Commodity Exchange launched a new 30 tonne soyabean contract which is effectively quoted in US dollars. The exchange hopes that daily trading volume will rise to 1,000 contracts.

Despite this year's outstanding harvest, there are some dark clouds on the horizon. Farmers are overworking their property, creating ever-widening zones of denuded and infertile land.

Rio Grande do Sul is the worst affected region in Brazil. It was the first state to begin growing soyabeans, in the early 1970s. Its farmers increased output tenfold in as many years, damaging the soil. Small deserts have even appeared in some regions of the state and in Parana, to the north.

This year, however, local authorities demanded tighter soil control, which has brought yields up to 1.7 tonnes a hectare. That is still well below the national average.

However, in some new areas in central and western Brazil farmers are wringing yields of 2.2 tonnes per hectare from the virgin soil. Mr Paulo Turevisan, an agricultural ecologist from Rio, warned that producers in the new regions are risking declining yields in future years unless they take better care of the soil now.

Pioneer farmers are also at the mercy of a precarious transport system. There are no railways or waterways, so all output must be hauled by road. Three quarters of all Brazil's soyabeans are moved by truck, adding to costs and wastage. Transport can take up as much as 25 per cent of a farmer's gross income in these regions.

That is one reason why farmers in western states close to the Paraguayan border often smuggled much of their output across the frontier.

Transport in the region is set to increase by the mid-1990s with the construction of a 1,000-mile railway costing $1.9bn, linking north western Brazil with export ports in the south. The Itamaraty group, a large corporation with extensive agri-business holdings in the area, will lead construction.

Trees burnt as tax change hits plantings

By Bridget Bloom, Agriculture Correspondent

BRITISH NURSERYMEN are burning some 40m young forest trees because the market for them has collapsed following government tax changes, the UK Horticultural Trades Association has announced.

The HTA forestry group blames the market collapse on changes to forestry tax laws introduced in the 1988 Budget.

Then, controversial tax incentives which encouraged investment in large scale conifer planting were abolished with new planting being taken out of the tax net altogether.

The HTA says the 40m trees represent about half of the 1988-89 crop of conifers grown by about 30 UK nurseries.

According to Mr John White, its nursery director, Tilford Nurseries in Surrey, a Booker subsidiary, is destroying between 8m and 9m trees of about 18 inches which are now ready for transplanting. It has an equivalent number of seedlings for which no market exists. Mr White said the loss to the company was likely to be some £500,000.

Mr Frank Lindsay, of Oakover Nurseries in Kent, said the company was destroying about 1m spruce worth 7p to 10p each. The HTA said yesterday that Government had refused to pay compensation.

While the Government had clearly hoped that new incentives announced after the 1988 Budget for forest and woodland planting would have taken up the slack in the market this does not appear to be the case.

Planting appears to be falling far short of the targets of 33,000 hectare a year of new forest planting plus a further 12,000 hectare a year for farm woodland schemes, the HTA said.

Yesterday the forestry Commission said that 29,000 hectares of its 33,000 ha target were planted in 1987-88 but no figures were yet available for 1988-89. Forestry investment companies suggest that the figure will be little more than 10,000 hectares.

Drought adds to Bangladesh's post-flood woes

By Reazuddin Ahmed in Dhaka

THE PROLONGED drought in Bangladesh has reduced the chances of post-flood agricultural recovery. Officials forecast only nominal growth in the sector, which may be less than 2 per cent during the current fiscal year, compared with a target of 6.2 per cent.

Jute and summer paddy are the two most important crops which have been hard hit by the worst drought in Bangladesh in last 40 years. Apart from a short period in April, there has been no rain in Bangladesh since the middle of February. And many parts of the country missed even that April respite.

The drought will widen food shortages and reduce foreign exchange earnings.

So far farmers have only been able to bring 50 per cent of the total acreage of under cultivation of jute and summer paddy.

If there is rain some more land may yet be planted. But even if that happens, officials fear, the loss of summer paddy may amount to 1m tonne during the next fiscal year. Annual production of paddy is normally about 2.8m tonnes.

Jute production, which had been projected at 4.5m bales this year, may fall short by 2m bales. Even that figure could prove optimistic, one official warned. He said if the drought persisted the chances of harvesting even 50 per cent of target jute output would be remote.

Bangladesh has a carryover of 2m bales of jute from last year so, on current estimates, total availability could be 4.5m bales. Domestic consumption of raw jute is 3.4m bales, so the surplus for export could be only 1.1m bales.

World demand for raw jute is about 2.4m bales a raw, of which Bangladesh this year supplied some 1.6m. Jute is still the biggest foreign exchange earner for Bangladesh.

The loss of at least 1.5m tonnes of summer paddy widen Bangladesh's supply gap from 1.5m to 2.5m tonnes. Renewed floods would make the situation still worse.

Besides paddy and jute, all other summer crops, including fruits, have suffered serious setbacks because of the drought.

WORLD COMMODITIES PRICES

LONDON MARKETS

THE PRICE of nearby May coffee soared yesterday to £1.512 a tonne before retreating to close £10 below Tuesday's close at £1.450 a tonne as selling interest emerged in the afternoon. However, other months closed above Tuesday's levels. Dealers said May could easily resume its upward trend today — spot supplies of tenderable quality robustas remain very tight and able to command large premiums over further forward deliveries. On the LME lead prices closed at the highest levels since January, supported by the weakness of sterling. Dealers said fundamentals are also constructive, with fresh concern evident over possible disruption of supplies from Peru. In contrast nickel prices closed down again. A lack of nearby interest left the premium for cash metal at $337.50, a fall of $100 on Tuesday.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.75-4.90v	-0.475
Brent Blend	$18.00-8 10q	-0.85
W.T.I. (1 pm est)	$19.95-20.0q	-1.17
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$255-258	-3
Gas Oil	$145-147	-2
Heavy Fuel Oil	$88-89.0	-1.5
Naphtha	$176-178	-7
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$370¼	-3¼
Silver (per troy oz)♣	545c	-6
Platinum (per troy oz)	$518.25	-5.50
Palladium (per troy oz)	$156.15	+0.15
Aluminium (free market)	$2375	-70
Copper (US Producer)	131⅝-32¾c	
Lead (US Producer)	36c	
Nickel (free market)	615c	-10
Tin (European free market)	$10220	-105
Tin (Kuala Lumpur market)	27.30r	
Tin (New York)	459.5c	-4.0
Zinc (US Prime Western)	87¾c	
Cattle (live weight)†	118.36p	+1.67*
Sheep (dead weight)†	270.03p	+4.01*
Pigs (live weight)†	85.86p	-0.26*
London daily sugar (raw)	$310.8u	+2.8
London daily sugar (white)	$355.6u	+1.4
Tate and Lyle export price	£302.5	+3.5
Barley (English feed)	£104.5w	
Maize (US No. 3 yellow)	£133.0	+0.5
Wheat (US Dark Northern)	£129u	
Rubber (spot)♥	55.50p	
Rubber (Jun)♥	63.50p	
Rubber (Jul)♥	63.50p	
Rubber (KL RSS No 1 Jun)	274.0m	-2
Coconut oil (Philippines)§	$575u	-20
Palm Oil (Malaysian)§	$410	-10
Copra (Philippines)§	$370	
Soyabeans (US)	£198	-1
Cotton "A" index	77.45c	
Woolltops (64s Super)	615p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Jul. u-Jun/Jul. q-Jun. x-Jun/Sep w-Aug. z-May/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
May	691	686	695 682
Jul	706	704	710 695
Sep	724	718	726 711
Dec	766	764	770 758
Mar	763	762	767 757
May	770	765	773 761
Jul	786	782	790 777

Turnover:9017 (7669) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 16: 912.10 (938.06): 10 day average for May 17: 931.83 (937.93)

COFFEE £/tonne

	Close	Previous	High/Low
May	1450	1460	1512 1425
Jly	1200	1185	1238 1200
Sep	1140	1115	1150 1127
Nov	1095	1087	1120 1090
Jan	1090	1084	1110 1090
Mar	1100	1085	1108 1098
May	1100	1085	1098 1095

Turnover:8050 (5321) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 16 Comp. daily 116.67 (115.03). 15 day average 115.50 (115.71)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Aug	277.00	279.20	281.60 271.00
Oct	274.80	277.00	279.80 268.40
Dec	274.20	269.00	275.00
Mar	264.60	265.00	265.60 261.00
May	263.60	263.80	264.80
White	**Close**	**Previous**	**High/Low**
Aug	347.50	348.50	350.50 340.00
Oct	332.00	333.00	335.00 324.50
Dec	326.00	327.00	
Mar	318.00	318.50	321.50 319.00
May	316.00	316.00	318.50
Aug	315.00	315.50	
Oct	314.00	312.00	

Turnover: Raw 5977 (3814) lots of 50 tonnes. White 1855 (1043).
Paris- White (FFr per tonne): Aug 2292, Oct 2195, Dec 2130, Mar 2095, May 2080, Aug 2070.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Jul	17.25	17.78	17.88 17.20
Aug	16.89	17.19	17.06 16.89
IPE Index	17.78	17.47	

Turnover: 5406 (7505)

GAS OIL $/tonne

	Close	Previous	High/Low
Jun	142.50	145.75	145.50 142.00
Jul	141.00	144.25	144.25 141.00
Aug	142.50	145.50	145.00 141.75
Sep	143.75	148.25	146.00 143.75
Oct	145.50	148.50	146.50 145.50
Nov	145.25	149.00	147.25 144.50
Dec	147.30	151.25	149.50 147.00
Jan	150.50	151.00	150.50

Turnover 5543 (7416)lots of 100 tonnes

WOOL

Australian prices show little change. Fractional movements from day to day of two or three cents have not developed into any overall market tendency and buyers assume they can operate slightly above whatever floor price the AWC indicates by its own bids. Actual floor price purchases appear to be higher this week than last at around 17pc or 18pc, which with some wool held back on growers' own reserves means that only about 75pc is going to the trade. Reports not just from the UK but from others around the world, indicate some slowing down in demand, whether due to shortage of foreign exchange or a trade downturn.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 21,225 tonne
Cash	2345-50	2410-20	2370	2370-2		
3 months	2148-50	2200-3	2210/2140	2170-5	2160-5	34,340 lots
Copper, Grade A (£ per tonne)						Ring turnover 31,500 tonne
Cash	1641-3	1622-3	1630	1629-31		
3 months	1638-9	1622-2.5	1648/1615	1625-6	1647-8	69,886 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	538-41	545-6		551-3		
30 June	544-7	551-4		557-9		314 lots
Lead (£ per tonne)						Ring turnover 6,875 tonne
Cash	398.5-400.5	391-3		388-9		
3 months	389-90	381-3	389/382	387-7.5	388-9	9,780 lots
Nickel ($ per tonne)						Ring turnover 1,608 tonne
Cash	13550-600	13900-4000	13750	13700-50		
3 months	13225-50	13500-50	13400/13250	13200-50	13250-300	7,601 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 6,775 tonne
Cash	1745-55	1755-65	1785/1783	1783-5		
3 months	1640-5	1655-8	1675/1640	1670-5	1650-60	10,985 lots
Zinc ($ per tonne)						Ring turnover 15,625 tonne
Cash	1635-445	1655-65	1680	1680-5		
3 months	1588-90	1605-10	1628/1590	1623-5	1595-600	11,120 lots

POTATOES £/tonne

	Close	Previous	High/Low
Nov	95.0	94.0	95.0
Feb	120.0	108.0	
Apr	171.0	163.0	174.5 168.0
May	187.0	180.0	187.0

Turnover 410 (797) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Aug	146.50	148.50	147.00 146.50
Oct	146.00	147.50	146.00 145.50

Turnover 100 (35)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
May	1715	1718	1725 1710
Jun	1600	1610	1618 1592
Jul	1468	1477	1477 1460
Oct	1550	1560	1555 1550
Jan	1570	1580	1570
Apr	1600	1600	
BFI	1744	1751	

Turnover 444 (388)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	114.75	115.25	114.25 114.00
Jun	115.75	116.40	115.75 115.00
Sep	105.50	105.70	
Nov	107.70	107.95	107.95 107.80
Jan	111.10	111.30	111.30 111.20
Mar	114.10	114.25	
May	117.15	117.30	117.30
Barley	**Close**	**Previous**	**High/Low**
May	107.25	107.25	107.25
Sep	102.50	103.75	103.75 103.50
Nov	106.50	106.70	106.70 106.50
Jan	109.35	109.35	
Mar	112.00	112.00	
May	113.35	113.35	

Turnover: Wheat 172 (162). Barley 103 (85).
Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	110.0	110.0	108.7
Aug	108.5	108.5	108.0
Oct	112.0	112.5	
Nov	113.0	113.0	
Feb	108.0	108.0	107.5

Turnover 10 (35) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	370-370½	229¼-229¾
Opening	373½-374	228¼-228¾
Morning fix	373.70	228.381
Afternoon fix	371.90	229.568
Day's high	374-374½	
Day's low	369¾-370¼	

Coins	$ price	£ equivalent
Mapleleaf	380-385	235-238
Britannia	380-385	235-238
US Eagle	380-385	235-238
Angel	380-385	235-238
Krugerrand	369-372	228-230
New Sov.	88-89	54½-55¼
Old Sov.	88-89	54½-55¼
Noble Plat	525.25-533.60	321.25-326.56

Silver fix	p/fine oz	US cts equiv
Spot	336.15	550.25
3 months	347.25	563.90
6 months	358.20	577.10
12 months	379.90	604.10

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1950	367	202	12	95
2150	210	109	52	197
2350	100	54	140	336
Copper (Grade A)	**Calls**		**Puts**	
2550	152	161	57	112
2650	98	121	101	163
2750	58	85	160	223

US MARKETS

IN THE METALS, the lower than expected trade number helped rally the dollar, reports Drexel Burnham Lambert. Metal prices sank in the gold, silver and platinum markets as the sharp rally in the dollar prompted heavy selling. Platinum prices fell to new lows for the year. Copper futures were higher gaining 250c basis July in a further attempt to recoup losses posted earlier in the week. In the softs, sugar futures closed slightly lower after very choppy action. July traded between 1210 to 1267 for the days range. Speculative buying was offset by trade selling in coffee as prices declined. Cocoa gained on commission house activity. The grains all had slow featureless trading with mostclosing near the unchanged level. The livestock featured a limit up move in the pork bellies after its limit down move on Tuesday. The energy complex was sharply lower as bearish API figures and long liquidation weakened the markets. June crude oil settled above the 20 dollar level.

New York

GOLD 100 troy oz; $/troy oz

	Close	Previous	High/Low	
May	373.2	375.5	370.6	370.8
Jun	373.9	376.2	372.0	371.7
Jul	375.5	378.1	0	0
Aug	377.5	379.8	379.6	376.1
Oct	381.6	383.9	383.3	379.6
Dec	385.7	388.0	387.8	383.3
Feb	389.9	392.1	388.7	388.7
Apr	394.1	396.3	394.1	392.6
Jun	398.3	400.5	398.0	397.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
May	508.9	520.3	0	0
Jul	509.8	523.3	524.5	508.5
Oct	509.8	521.8	525.5	503.0
Jan	511.4	523.3	525.0	507.5
Apr	514.4	525.8	523.0	510.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	542.9	550.0	552.0	543.0
Jun	544.9	551.9	548.0	544.0
Jul	549.7	557.5	558.5	547.0
Sep	556.3	563.4	567.5	554.0
Dec	572.4	580.2	581.0	571.5
Jan	576.7	584.5	0	0
Mar	585.7	593.5	590.5	586.0
May	595.0	602.9	601.0	594.0
Jul	604.5	612.4	610.0	602.0
Sep	614.3	622.2	620.0	620.0

INDICES

REUTERS (Base: September 18 1931 = 100)			
May 16	May 15	mnth ago	yr ago
2000.1	2010.5	2021.7	1783.0

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	136.71	137.38	138.08	134.11
Futures	135.01	135.81	136.82	135.81

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	119.00	117.10	119.50	116.80
Jun	118.70	116.90	0	0
Jul	117.70	115.20	117.80	114.40
Sep	115.70	113.70	115.90	113.40
Dec	113.60	111.70	113.70	111.30

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	20.07	20.70	20.50	19.95
Jul	18.84	19.19	19.02	18.61
Aug	18.05	18.43	18.31	18.03
Sep	17.67	18.02	17.85	17.67
Oct	17.54	17.75	17.70	17.50
Nov	17.33	17.58	17.52	17.32
Dec	16.97	17.14	17.09	16.97

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jun	4785	4918	4805	4760
Jul	4700	4816	4795	4650
Aug	4730	4850	4825	4700
Sep	4795	4915	4885	4785
Oct	4890	5010	4975	4870
Nov	4950	5045	5030	4950
Dec	5010	5115	5100	5000

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1188	1137	1188	1126
Jul	1170	1146	1166	1126
Sep	1152	1148	1165	1134
Dec	1161	1160	1170	1144
Mar	1159	1156	1160	1136
May	1164	1162	1170	1149
Jul	1188	1188	1200	1160
Sep	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	141.00	142.13	0	140.75
Jul	129.98	131.65	133.25	129.00
Sep	123.59	126.35	126.00	122.65
Dec	119.41	121.01	122.20	118.75
Mar	118.80	119.50	0	117.50
May	118.00	118.00	0	0
Jul	117.00	119.50	0	0
Sep	117.50	118.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	12.48	12.54	12.67	12.20
Oct	12.38	12.44	12.56	11.95
Jan	11.95	11.93	0	0
Mar	11.83	11.80	12.01	11.60
May	11.70	11.61	0	0
Jul	11.60	11.53	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	67.67	67.23	67.85	66.90
Oct	66.15	65.93	66.25	67.00
Dec	65.15	64.93	65.10	64.60
Mar	65.46	65.25	65.45	65.50
May	65.46	65.30	65.45	65.00
Jul	65.48	65.40	65.50	0
Oct	65.52	65.63	0	0
Dec	65.15	65.17	65.20	65.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	182.70	187.50	188.00	179.10
Jul	184.70	188.75	188.50	183.75
Sep	182.05	183.80	182.75	176.00
Nov	178.10	180.05	178.50	172.00
Jan	176.00	171.50	170.00	169.00
Mar	169.05	169.95	169.05	167.50
May	169.05	169.95	0	0
Jul	168.25	168.95	0	0
Sep	168.25	168.95	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	729/4	732/2	734/4	723/4
Jul	713/4	715/0	719/0	707/0
Aug	704/0	708/2	709/4	699/4
Sep	687/4	690/4	693/0	683/4
Nov	679/0	683/4	687/0	676/4
Jan	689/0	693/4	695/0	686/0
Mar	697/4	702/0	705/0	695/4
May	706/0	709/4	710/0	702/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	22.23	22.17	22.35	22.01
Aug	22.61	22.58	22.79	22.41
Sep	22.85	22.81	23.05	22.57
Oct	23.12	23.07	23.25	22.89
Dec	23.33	23.25	23.43	23.12
Jan	23.75	23.65	23.85	23.53
Mar	23.82	23.80	24.00	23.73
May	24.45	24.33	24.55	24.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	215.7	215.8	216.0	213.1
Jul	213.1	214.4	214.5	211.2
Aug	209.8	211.3	211.3	208.5
Sep	206.0	206.5	207.0	204.5
Oct	202.0	204.3	203.0	200.5
Dec	199.5	202.7	201.5	199.0
Jan	199.5	202.5	201.0	199.0
Mar	199.0	202.0	200.0	198.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	277/2	277/4	278/0	275/6
Jul	270/4	271/4	272/2	268/4
Sep	258/4	259/4	259/4	256/4
Dec	254/2	255/6	256/0	252/0
Mar	263/0	264/4	264/4	262/0
May	268/0	269/4	269/0	266/2
Jul	269/4	270/4	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	407/4	408/4	410/0	404/0
Jul	403/4	400/6	408/4	397/0
Sep	411/4	408/2	412/0	405/0
Dec	422/0	419/4	424/0	415/4
Mar	425/0	422/4	428/4	417/0
May	420/0	418/4	420/0	415/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	71.20	71.52	71.52	71.10
Aug	67.67	68.05	68.05	67.55
Oct	68.75	68.75	68.75	68.60
Dec	70.35	70.35	70.45	70.10
Feb	71.65	71.90	71.97	71.72
Apr	72.27	72.20	72.27	71.95
Jun	72.35	72.35	0	71.95

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	48.42	47.97	48.60	47.62
Jul	48.37	47.75	48.40	47.42
Aug	46.82	46.27	46.75	45.92
Oct	43.77	43.40	43.90	43.15
Dec	45.87	45.60	45.95	45.30
Feb	47.07	46.67	47.10	46.85
Apr	44.77	44.80	44.77	44.35
Jun	47.77	47.75	47.80	47.75

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	35.75	33.75	35.75	33.15
Jul	35.87	33.87	35.87	33.10
Aug	33.50	31.50	33.50	31.62
Feb	52.00	50.00	52.00	50.35
Mar	51.80	51.80	52.00	50.80
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

Equities cheer US trade statistics

THE UK stock market responded strongly yesterday to favourable news on the domestic economy and on the US trade deficit. The FT-SE Index ended at a new post-Crash peak, but closed well off the top as a further gain in the dollar heightened concern over European interest rates ahead of today's meeting of the Bundesbank Council.

Account Dealing Dates			
*First Dealings	May 8	May 22	Jun 5
Option Declarations	May 18	Jun 1	Jun 15
Last Dealings	May 19	Jun 2	Jun 16
Account Day	May 30	Jun 12	Jun 26

*New time dealings may take place from 9.00 am two business days earlier.

The market was in good form from the outset, despite Wall Street's overnight setback, and was led forward in the first half of the session by a 30 point premium on the Footsie future contract.

The futures contract challenged the 2,200 mark at one time, while the FT-SE Index itself showed a 30 point gain before easing back as Wall Street made an unimpressive start to the new session. The FT-SE Index touched 2,168.3 but lost about one third of the gain to close at 2,155.8, a gain of 19.1 on the day. Seaq volume increased to 548.6m shares from 401.8m on Tuesday.

Dollar earning stocks again stood out strongly, with Reuter and Glaxo prominent. Construction stocks continued to respond to this week's hints of UK Government plans for substantially increased spending on Britain's roads infrastructure. Trading figures from Sainsbury, the grocery chain, from Bass and Ultramar were all well taken.

A major talking point was the huge fall in Consolidated Gold Fields shares following the withdrawal of the £3.5bn Minorco offer, the largest ever seen in the London market.

The rise of 0.6 per cent in domestic industrial production in March was "mildly encouraging" for the UK Government, said Mr John Reynolds, economist at Prudential Bache. It implies that the underlying strength of the economy has not been hurt by high interest rate policies.

The March deficit of $8.86bn on US trade compared very favourably with City forecasts of $10bn or so. The consequent rise in the dollar strengthened speculation of a rise in the German discount rate, perhaps at today's Bundesbank meeting; "if it doesn't come this week, then it will come at the next meeting, or the one after that," was the hedged view of one London interest rate strategist.

Market attention is also fixed on the US consumer price data for due tomorrow. City forecasts are for a further rise in the year-on-year gain which stood at 5 per cent in the previous month.

Overall, however, with the pound relatively steady against non-dollar currencies and London money market rates also stable, worries about domestic base rates were held in check yesterday. There was little response to the April Public Sector Borrowing Requirement, and few signs of nervousness ahead of Friday's announcement of the UK money supply statistics.

FINANCIAL TIMES STOCK INDICES

	May 17	May 16	May 15	May 12	May 11	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.60	86.74	86.83	86.76	86.54	90.03	89.29 (6/2)	85.84 (13/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.34	97.35	97.44	97.05	97.32	98.05	99.69 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1792.2	1776.2	1787.2	1779.1	1758.7	1426.4	1792.2 (17/5)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	179.4	176.3	177.8	176.3	174.3	198.3	195.1 (28/3)	164.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Dl. Yield	4.41	4.45	4.39	4.42	4.47	4.60				
Earning Yld %(full)	10.74	10.84	10.74	10.81	10.92	11.87				
P/E Ratio(Net)(*)	11.23	11.13	11.23	11.16	11.04	10.31				
SEAQ Bargains(5pm)	28,528	27,849	29,764	27,173	23,263	23,935				
Equity Turnover(£m)†	-	1084.20	1204.85	1240.09	1170.87	1490.0				
Equity Bargains†	-	31,938	32,466	29,896	27,020	25,090				
Shares Traded (ml)†	-	384.7	445.5	483.6	436.3	512.7				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1781.4	1784.9	1785.0	1787.1	1791.8	1797.3	1791.7	1790.7

DAY'S HIGH 1799.6 DAY'S LOW 1781.4

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆Nil 11.13 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	May 16	May 15
Gilt Edged Bargains	109.0	113.3
Equity Bargains	206.8	210.5
Equity Value	2211.7	2435.3
5-Day average		
Gilt Edged Bargains	93.5	89.5
Equity Bargains	194.7	193.1
Equity Value	2421.3	2494.1

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Allied-Lyons	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amstrad	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Argyll Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ass. Brit. Foods	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT Inds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BET	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BICC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BOC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BPB Inds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bass	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beecham	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	4,300	297	+8	GUS A	252	1067	+13	P & O	567	695	+2	TSB	1,600	111½	+1
Brit. & Comm.	1,200	212	+3	[illegible]	693	216	+2	Pilkington	1,000	242		Tarmac	6,575	333½	+7½
Brit. Aerospace	2,100	632	+11	GKN	1,300	386	+12	Plessey	2,248	262	+1	Tate & Lyle	1,100	258	+3
British Airways	2,100	208	+2	Guinness	4,200	487	+8	Polly Peck Intl	763	304	-1	Taylor Woodrow	644	651	+13
British Gas	3,425	180½	+1	Hammerson 'A'	150	799	+5	Prudential	3,500	195½	+2½	Tesco	2,850	176	+3
British Land	1,100	367	+5	Hanson	5,200	280	+1	RHM	3,500	358	+16	THORN EMI	674	715	+3
BP	4,000	285	+3½	Harrisons & Cros.	1,300	177	+2	RMC	1,000	776	+19	Trafalgar House	1,400	379	-4
British Steel	6,800	88½	+1	Hawker Siddeley	367	717	+5	RTZ	1,100	528	+2	Trusthouse Forte	1,200	314	+6
British Telecom	9,700	278	+5½	Hillsdown Hldgs	4,100	279	+4	Racal	3,900	488	+4	Ultramar	7,000	331	+8
Burmah Oil	2,200	599	+8	IMI	243	236	-1	Rank Org	291	956	+6	Unilever	1,000	554	-1
Burton	2,700	221	+4	Imp. Chem	1,700	1239	+16	Reckitt & Colman	296	1133	+14	United Biscuits	4,100	344	+10
Cable & Wireless	2,380	540	+6	Inchcape	550	280	+7	Redland	2,300	595	+8	Utd Newspapers	998	534	+9
Cadbury Schweppes	1,300	353	+2	Jaguar	374	301	+2	Reed International	489	395		Wellcome	2,000	464	+9
Carlton Comms.	321	848	-1	Kingfisher	619	321	+2	Reuters	2,380	819	+29	Whitbread 'A'	2,000	366	+4
Commercial Union	2,400	376½	+1½	Ladbroke	1,000	580	+5	Rolls Royce	3,400	187		Williams Hldgs.	1,300	272	-1
Cons. Gold Fields	2,800	1228	-45	Land Securities	786	588	+1	Rothmans	1,100	521	+7	Wimpey	1,000	280	+1

ConsGold avoids collapse

The withdrawal of Minorco's £3.5bn bid for Consolidated Gold Fields reverberated through the market as traders studied the alternatives open to the Oppenheimer camp. Contrary to some fears, there was no heavy selling pressure in Gold Fields stock. The shares, down 45 to 1273p on Tuesday in anticipation of the bid withdrawal, were marked down to 1150p before the market opened yesterday. However, little business was done until the price rallied to £12, when buyers came in. The shares continued to hold up well as it became clear that neither Minorco nor many of the bid arbitrageurs were trying to dispose of stock. Only 2.8m Gold Fields shares traded during the session, and the price settled at 1228p, a net 45p off.

"No doubt the champagne corks are popping round at Gold Fields," said Mr Duncan Balmer of Phillips & Drew, "but the game is certainly not over from a takeover angle." Either Minorco will renew the battle later, or it will pass on its Gold Fields stake, allowing a third party to step in, he believes.

City analysts regard Gold Fields as worth £12 a share on trading valuation, and expect the board to be under constant pressure. At the height of the battle, Minorco owned or had bid acceptances for nearly 55 per cent of the Gold Fields' equity.

Minorco gained 59 to 770p, and the market searchlight ranged widely as it sought out possible alternative targets for the Luxembourg group. Charter Consolidated, in which Minorco holds 36 per cent, gained 13 to 523p, while Johnson Matthey, the platinum marketing group in which Charter has 37 per cent, added 8 to 409p in sympathy. The increased market valuation of its 8 per cent stake in Johnson Matthey put 6 on Cookson, the specialist metals group which ended at 331p.

Competition worries

Plasterboard group BPB Industries came under fire from yet another profits downgrading, this time from Warburg Securities.The broker has lowered its forecast for the current year to £200m and for the following year to £190m. On Monday Swiss Bank Stockbroking lowered its current year forecast for BPB to £200 with the 1990 figure set at £180m.

Mr Andrew Melrose at Warburgs said there was concern about competition in the plasterboard business throughout the UK, France, Germany and Canada. Disappointing first quarter figures from USG Corporation, the largest plasterboard company in North America, "set the alarm bells ringing in the industry yesterday," said Mr Melrose.

Swiss Bank said its downgrading "reflects a poorer trading outlook in the UK; total volumes appear to be declining in the South and, with the Knauf plant now up and running there will be little good news at the preliminary stage."

On overseas markets, the Swiss Bank analysts said: "Far from seeing strong growth, it seems to have become tougher in the current year, particularly in France and Germany; even at these levels, there may be little solace for the share price." BPB shares slipped back to 230p before closing a net 8 off at 231p; turnover expanded to 5.4m shares.

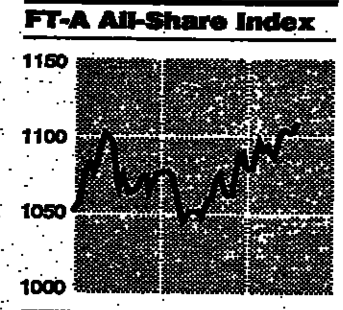
Sainsbury coy

Food retailing leader Sainsbury reported yearly earnings some 21 per cent higher at £401.8m, and in line with market estimates. Although the Sainsbury share price closed only marginally better at 242p on turnover of 4.2m shares, analysts left their meeting with the supermarket group's management in a bullish mood.

In particular they had the impression that current sales are running ahead of budget, something which Sainsbury appeared keen to keep quiet. Mr Bill Currie of Hoare Govett, who has upped his forecast for next year by £5m to £410m (excluding property profits), said that "Sainsbury were probably slightly surprised themselves at the strength of trading so far this year."

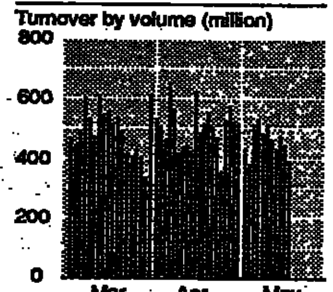
However, there was a feeling among some analysts that growth in the future at Sainsbury will come from the company's non-core businesses such as the majority-owned diy chain Homebase, the Sava-Centre hypermarkets and the US grocery operation, Shaws. "Although the figures were first class," commented Mr Bill Myers of Henderson Crosthwaite, "it would appear that there was a modest decline in like for like sales in Sainsbury's core grocery business."

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



First quarter figures from oil group Ultramar were at the very top end of expectations and the shares raced up 8 to 331p on a substantially bigger than usual turnover of 7m shares.

Analysts said the steep rise in the shares was based on the earnings projections rather than the bid fever, so prevalent in the stock some months ago. Sector specialists also noted the board changes which they said overshadowed the results.

"Mr Gaulin obviously masterminded the turnaround in Canada and his accession to the Chief Executive position should be viewed with enthusiasm – he's well liked in the industry and the investment community," said one analyst.

Burmah continued to mirror the market enthusiasm over the deal with Mitsui but a number of analysts, notably Mr Keith Morris at Kitcat & Aitken and Mr Simon Elliston at Citicorp were preaching caution on Burmah. Mr Morris said "the Mitsui deal is not as great as it is cracked up to be, Burmah will not participate in a serious way in the two major growth areas in the sector, expanding upstream margins and refinery margins – switch to Ultramar. Mr Elliston said "take profits," but he does take a positive view of the oil majors – "the recent strength of the dollar is highly bullish for the sector."

Standard Chartered came under pressure early in the day and slipped off to 533p amid market suggestions of impending litigation against the bank; the shares later rallied to settle a net 5 off at 538p after Standard Chartered firmly denied the stories which were said to have originated in a Hong Kong magazine.

PWS, the insurance broker, slumped 7 to 44p, after 43p, with dealers noting the late appearance of the annual report.

The country largest brewer, Bass, announced interim profits in line with forecasts of £288.6m, up 46 per cent on the same stage last year. The shares, having risen steadily in recent weeks in anticipation of a good set of figures, closed steady at 951p in moderate trade. "All round it was a very solid performance," said Mr Tim Clarke, the drinks analyst at Panmure Gordon.

Storehouse raced ahead to 177p on speculation that 8 per cent shareholder Mr Asher Edelman, the US arbitrageur, is closer to putting together his consortium bid. But with little real support for the story the shares eased back to close a net 4 higher at 174p on turnover of 4.2m.

Dixons fell against the trend, the shares ending 1½ lower at 135p on turnover of 5.3m. The sighting of one large seller of the stock was enough to depress the share price, said dealers, and the misreporting of a trade of 3,600 shares as 3.6m shares only added to the bearish sentiment.

The front-line stocks basked in the overall strong market performance, led by British Telecom which put on 5½ to 278p on much increased turnover of 9.7m. Cable & Wireless, still helped by the firm dollar, moved up 6 to 540p on 2.3m.

Ferranti, where there were hints in the market of imminent news on zonephone and/ or the Eurofighter contract, hardened 3 to 108p on 5.9m. Whispers of imminent developments on the GEC/Siemens move for Plessey were said by sector specilaists to be premature; "I believe the companies and the Ministry of Defence are still negotiating," said a top analyst. GEC were well supported and rose 2 to 244p on 5.7m while Plessey edged up to 262p.

United Scientific were the latest in a long line of companies to issue a profits warning – the group said it is making "a provision of £5m against future losses anticipated to arise in completing two major contracts; the interim figures expected shortly will show a small trading loss in addition to these provisions." United Scientific shares slumped 37 to 143p with dealers expecting the interim figure at the end of next week.

Among Food manufacturers Ranks Hovis Macdougall (RHM) rose 16 to 358p on turnover of 3.5m shares on speculation that bid talks with Australian group Goodman Fielder Wattie (GFW) were close to breaking down. United Biscuits were also a good market, adding 10 at 344p in volume of 4.1m shares as dealers followed up weekend press reports of European interest in the group. The shares go ex on Monday and some of the demand was probably buying for the 8p dividend, said traders.

Among the dollar earning stocks, Reuters stood out with a gain of 29 to 819p, with Glaxo also firmer, 8 better at 1390p. ICI, 16 up at 1239p, were spurred on by currency factors, as analysts looked for a rise in the West German discount rate shortly.

In pharmaceuticals, Wellcome added 9 to 464p as the board hosted a lunch with City analysts. Fisons, 9 better at 314p, continued to reflect hints that the group could be a bid target.

The underlying strength of Coloroll was tested by reports of a profits dowgrading only days before next Tuesday's annual results. Potential buyers backed away and the shares reacted 7 to 165p, although analysts at BZW have merely shaved their estimate for 1989/90 to £62m leaving the 1989/90 forecast unchanged at £56m.

Encouraging mid-term year results and an updating of the "best view" full-year profits forecast from £87m to £89m drew buyers to NFC which rose 5 to 244p. Select Appointments responded to trebled profits with a gain of 18 to 164p and Nu-Swift, still on trading news, advanced 13 further to 466p, but interim figures in line with with expectations proved no help for Diploma, down 8 more at 219p.

Revived takeover speculation lifted Parkfield 10 to 387p but termination of the recent bid talks lowered NMC 16 to 139p.

Renewed and sometimes aggressive US demand persuaded Saatchi & Saatchi to move out of the trading range expected ahead of next month's interim figures. Analysts say these will make awful reading but the shares gained 9½ to 310½p. On Tuesday the UK agency announced management changes in its consulting and communications divisions.

Agency buyers leaned towards Rothmans International and speculation was aroused that favourable comment could soon appear, possibly connected with Dunhill International in which the group has an interest. Rothmans shares ended 7 dearer at 521p.

Submarine manufacturer VSEL shot up to 509p on early rumours that Vickers was going to make a bid. Vickers was said to be ready to sell off one of its divisions – possibly the printing plate maker Howson-Algraphy to Cookson – to pay for the acquisition of VSEL. Analysts, however, were not convinced by the story; Mr Alasdair Stewart of Charterhouse Tilney felt that if Vickers was to announce a disposal it would more likely be the sale of its medical equipment operation. "I'd be surprised if Vickers sold Howson because it is one of the company's three core businesses," said Mr Stewart.Vickers closed a touch firmer at 199p, while VSEL eased back from the top to end 10 to the good at 503p.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 23

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (268).

BRITISH FUNDS (4) Fd. 5¾pc 1987-91, Tr. 2pc 1992, Do. 2pc Il 1994, Do. 2pc Il 1996, AMERICANS (3) I CANADIANS (7) BANKS (2) Reflex Invs., Sec. Pacific, BREWERS (3) Guinness, Do. 5¾pc Cv Pf. Do. 8¼pc Cv Ln, BUILDINGS (20) CHEMICALS (3) European Colour, Jeyes Grp., Leigh Interests, STORES (8) ELECTRICALS (12) ENGINEERING (12) FOODS (8) HOTELS (2) Queen's Moat, Do. 7pc Cv Pf, INDUSTRIALS (28) ADT, ASD, Abbeycrest, BTR, Do. Wrrts., Bardon Grp., Barratt (Henry), Barry Wehmiller, Baxter Intl., Beaverco, Boots, Brit Vita, Brooks Service, CH Inds., Charter Cons., Cooper (Alan), Davies (D.Y.), Eastern Prod., Johnson Matthey, Johnston Grp., Macfarlane, Nu-Swift, Parkfield Grp., RCO, Reuters, Securiguard, Shanks & McEwan, Swire Pac. "A", Tech. Project Serv., INSURANCE (4) Aon Corp., Hibernian Grp., Sun Alliance, USF & G Corp., LEISURE (12) MOTORS (1) Quicks Grp., NEWSPAPERS (4) EW Fact, Home Counties, Johnston Press, News Int. Spec. Div., PAPERS (10) PROPERTY (8) SHIPPING (1) Ocean Trans., TEXTILES (3) Beckman A., Foster (John), Toray, TRUSTS (73) OILS (8) OVERSEAS TRADERS (2) Inchcape, REA Hldgs., THIRD MARKET (1) M.L. Laboratories.

NEW LOWS (27).

CANADIANS (1) Denbus Memory, BUILDINGS (1) Erith, STORES (2) Colorvision, Panda Grp., ELECTRICALS (7) Apricot Comp., Cambridge Elect., Holmes Protect., Lexicon, Pressac, Ran Data, Utd Scientific, INDUSTRIALS (5) Bestwood, Brit. Bloodstock, Sale Tilney, URS Intl., Wills Grp., INSURANCE (1) PWS Hldgs., LEISURE (1) Hanimex, MOTORS (1) Trimoco, PAPERS (1) Assoc. Paper, PROPERTY (1) Slough Ests 11¼pc 2018, TEXTILES (1) Tomkinsons, TRUSTS (1) Kaluzi, OILS (2) LASMO, Southwest Res., MINES (2) Cons. Gold Fields, Dominion Mining.

APPOINTMENTS

Retail services chief at Barclays Bank

■ Mr Ken Bignall has been appointed chief executive of BARCLAYS BANK's central retail services division with responsibility for Barclaycard, Barclays Merchant Services, Barclays Travellers Cheques and other Barclays centralised products and services, including Barclays Premier Card, Barclays Assent and Masterloan. He succeeds Mr Peter Ellwood, who has left Barclays to join TSB as head of retail banking. Mr Bignall was formerly deputy chief executive of CRSD and managing director of Barclays Merchant Services.

Mr Mervyn Gibson has been appointed managing director of Barclays Merchant Services.

■ FIRST MORTGAGE SECURITES has appointed Mr Ross Cope as treasury director. He was previously treasurer at Girobank.

■ Mr Mark Lethbridge has been appointed a director of KLEINWORT BENSON. He is responsible for German business in the international department.

■ THE CHEMICAL INVESTMENT GROUP has appointed Mr James E. Tonner as a non-executive director of its European investment management company, Chemical International Asset Management. He will also become a member of Chemical Investment Group's international advisory board.

ERNST & WHINNEY has appointed Mr Michael Sheasby (*above*) as finance partner. He joins from Squibb Europe Inc., where he was vice president, finance and planning.

■ Mr Peter C.M. Roger has been elected chairman of the Scottish administrative unit of the INTERNATIONAL STOCK EXCHANGE. He was previously deputy chairman.

■ Mr Peter Andrews has been appointed development director of the WINGLAW GROUP with special responsibility for portfolio acquisition, investment and funding. He was previously with Bankers Trust Company where he was a vice president in its property finance division.

■ Mr Nicholas Feldman is to become assistant general manager resonsible for underwriting at GUARDIAN ROYAL EXCHANGE's corporate head office in August. He was previously underwiting manager.

■ Mr Graham Halls has been re-appointed managing director of THACKERS PET FOODS. Mr Halls has rejoined the company which he left only last October. Mr J.E. Davies, the major shareholder, remains an executive director and Mr J. Lamb has been appointed executive chairman.

■ ROBERT BARROW, Lloyd's brokers, has appointed two directors in its non-marine department: Mr Douglas Bell who will have responsibility for the corporate risks division and risk management and Mr Burt Kempton who will have responsibility for the London market broking operations.

■ Mr Brian C. Madderson has been appointed group managing director of GEORGE HAMMOND (SHIPPING). Mr David C. Ryeland has become group executive chairman.

■ Mr Neil Goulden has been appointed chief executive of LETHEBY & CHRISTOPHER, the event caterers. He succeeds Mr Ron Zanre who has joined Boddingtons.

■ Mr Roger Lambert has been made chairman of the new packaging and graphics division of BRENT CHEMICALS INTERNATIONAL. The division has been formed to concentrate the group's expanding activities in these sectors.

■ Mr Neil Record has been appointed executive chairman of N P RECORD, the Windsor-based financial services group. Mr Leslie Halpin has become managing director and Mr Anthony Weldon has been made a non-executive director. Mr Ian Harrison, previously treasury director of Gill & Duffus, has been appointed managing director of Record Fund Management, a subsidiary of N P Record.

■ Mr Norman Ames, previously deputy managing director of EAGLE STAR INVESTMENT MANAGERS, has become its managing director in succession to Mr Colin Parker, who has been appointed an executive director of Eagle Star Insurance Co.

■ Mr Malcolm Wilson has been appointed development director at CHARTER GROUP DEVELOPMENTS, where he will be responsible for acquisitions and new projects. He was a director with Higgs & Hill Developments.

■ GA DUNN has appointed Mr Alan Cairns as property director. He was previously employed by Price Waterhouse.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	51.37	51.94	55.25	-0.01	4.96
Gilts & Fixed Int	6	112.2	112.2	119.1	-0.1	8.40
High Inc Equity	6	132.8	135.8	144.4		4.40
Worldwide Bond	6	190.4	190.4	202.8	+0.4	4.81
Capital Growth						
American Growth	6	177.3	179.2	190.6	+0.1	1.30
Asian Pacific	6	101.3	103.40	109.9	-2.5	0.64
Assets & Earnings	6	160.80	160.8	172.0	+0.4	1.51
Capital Reserve Acc	0	84.87	84.97	85.05	+0.02	4.70
Comdty & Energy	6	98.59	98.59	105.5	+0.3	1.00
1992 Enterprise	6	57.37	58.444	62.15	-0.17	2.90
European Capital	6	81.55	81.55	87.22	-0.28	0.86
General	6	177.1	177.1	189.5	+3.5	2.37
Japan	6	109.5	111.3	118.4	+0.6	0.00
Mastertrust	6	84.59	84.59	90.48	+0.1	1.58
UK Growth Acc	6	203.2	203.7	217.4	+0.6	1.03
UK Growth Dist	6	135.5	135.5	145.45	+0.5	1.55
US Emerging Cos	6	52.32	53.96	57.40	+0.31	0.00
Income & Growth	6	291.7	291.7	312.0	-0.1	3.29
Ethical	6	49.21	50.34	53.55	+0.06	2.33

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5	29.50	29.50xd	31.49	-0.19	3.67
European	5¼	59.78	59.86	63.90	-0.10	0.00
European Income	5¼	59.41	59.41xd	63.42	-0.19	3.42
Exempt	1	806.5	806.5	841.7	-0.30	2.33
Extra Income	5	43.27	43.27	46.19	-0.07	5.02
F East Emrg Ecns	5¼	42.95	43.07	46.13	-0.08	0.98
Fund Inv Tst	5	122.8	122.8xd	131.1	-0.20	2.57

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SQ 01-740 7070

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5½	55.16	56.09	59.99	+0.02	2.70
Global Tst	5½	43.01	43.01	46.45	-0.38	2.30
Recovery Tst	5½	54.25	56.49	60.09	-0.05	1.92

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Fd Acc	5	107.7	109.0xd	115.0	+0.3	3.27

CS Fund Managers Limited (1000)H
125 High Holborn, London WC1V 6PY 01-242 1148

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CS America	5	57.63	57.63	61.30	+0.30	0.53
CS International	5	54.97	54.97xd	58.47	+0.05	1.84
CS Japan	5	122.3	122.3	130.1	-0.1	0.33
CS Portfolio Inv ●	5	71.41	71.41xd	75.96	-0.35	1.67

Canada Life Unit Tst Mgrs Ltd (1200)F
2-6 High St, Potters Bar, Herts 0707 51122

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Can Gen Dist	5	140.1	145.3	152.9	-0.3	3.03
Do Gen Accum	5	233.7	242.4	255.1	-0.50	3.03
Do Income Dist	5	98.74	98.53xd	103.7	+0.10	5.43
Do Inc Accum	5	217.0	225.7	237.6	+0.30	5.43
Gilt & Fxd Int	5	36.62	36.69	38.62	-0.01	8.31

Cannon Fund Managers Ltd (0700)H
1 Olympic Way, Wembley, HA9 0NB
01-902 8876. Dealing 0800 222621

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5¾	38.33	38.70	41.39	-0.11	2.48
Income	5¾	47.95	48.60	51.98	-0.16	4.00
Far East ●	5¾	37.10	37.75xd	40.16	-0.12	0.05
North American ●	5¾	33.46	33.80xd	36.15	+0.44	1.99
Global ●	5¾	52.21	53.15	56.54	-0.03	1.74
European	5¾	49.45	50.17	53.37	-0.10	1.01
Japan ●	5¾	103.6	105.4	112.1	-0.40	0.01
Intl Currency Bd	5¾	42.13	42.13xd	44.73	-0.11	6.71
Strategic Opps	5¾	54.34	55.89xd	59.78	-0.23	1.25

Capability Trust Mngrs Ltd (1200)F
Admin, 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American & Gen	5	73.33	72.87	78.58	+0.08	1.55
(Accum Units)	5	76.57	77.13	82.05	+0.09	1.55

Elcon Ltd (1600)F
Central Ct, Knoll Rise, Orpington, BR6 0JA 0689 70538

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Elcon Trust	5	154.98	156.0	167.3		

Equitable Units Admin Ltd (1600)F
Walton St., Aylesbury, Bucks. HP21 7QN 0296 431480

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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Windsor Trust Mngrs Ltd (1200)F

Wright Seligman Fund Mngrs Ltd (1000)H

The Yorkshire Unit Tst Mngs Ltd (1100)F

OTHER UK UNIT TRUSTS

INSURANCES

Allied Dunbar Assurance Plc

City of Edinburgh Life Assurance

City of Westminster Assurance (z)

Berenshire Life

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Irish Life Assurance Co Plc—Contd.

The LAS Group

M & G Life and M & G Pensions—Contd.

MGM Assurance(z)

NEL Britannia Assce Co Ltd—Contd.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	126.0	133.0	+3.0	–
Building Soc. Fd.	170.0	179.0	....	–
Balanced	283.0	298.0	....	–
European	162.0	171.0	....	–
GT Managed	172.0	182.0	....	–
Gartmore Mngd.	115.0	122.0	....	–
German	112.0	118.0	....	–
Gilt	183.0	193.0	....	–
Global	48.0	51.0	....	–
High Inc.	119.0	126.0	....	–
International Equity	189.0	199.0	....	–
Japan	246.0	259.0	-4.0	–
Managed	64.0	68.0	....	–
Property	279.0	294.0	....	–
R W Imperial Gold	142.0	150.0	....	–
UK Equity	382.0	403.0	....	–
Pension Funds				
American	145.0	153.0	....	–
Building Soc. Fd.	172.0	179.0	....	–
Balanced	217.0	229.0	....	–
European	159.0	168.0	....	–
German	102.0	108.0	....	–
Gilt	152.0	160.0	....	–
International Equity	139.0	147.0	....	–
Japan	138.0	146.0	....	–
Managed	64.0	68.0	....	–
Property	215.0	227.0	....	–
UK Equity	341.0	359.0	-1.0	–
Prolific Life & Pensions Ltd				
Stramongate, Kendall, Cumbria LA9 4BE 0539 33733				
Managed Fund see Balanced Growth Managed Fund				
Balanced Gwth Mngd	592.1	624.0	+1.4	–
Adventurous Mngd.	125.8	132.6	+0.3	–
Secure Mngd.	107.6	113.4	+0.3	–
Cash Fd	231.7	244.2	....	–
Property Fund	284.8	303.0	....	–
Equity Fund	660.0	702.2	+1.8	–
Fxd. Int. Fund	293.9	312.7	+0.5	–
International	297.9	317.0	+0.4	–

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-405 9222				
Discretionary May 3	£152.21	157.48	....	–
Equity May 3	£166.89	172.95	....	–
International May 3	£25.14	25.88	....	–
Intl Bond May 3	£11.71	11.86	....	–
Fixed Int. May 3	£72.15	73.12	....	–
Index Linked May 3	£60.62	61.38	....	–
Property May 3	£107.52	113.98	....	–
Cash May 3	£20.6364	20.6364	....	–
Pru-Linked Retirement Plan				
Managed May 9	378.1	393.9	....	–
Cash May 9	194.1	202.2	....	–
Prudential Pensions Investment Account				
Pens Mngd May 17	155.8	164.1	-0.3	–
Pens UK Eq May 17	304.9	321.0	-1.1	–
Pens Intl May 17	182.9	192.6	+1.3	–
Pens Fixed May 17	165.3	174.1	-0.5	–
Pens Index Lk May 17	155.0	163.2	-0.3	–
Pens Cash May 17	126.9	133.6	+0.1	–
Regency Life Assurance Co Ltd				
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800				
Aggressive Pflio Fd.	118.9	125.1	-0.1	–
Balanced Pflio Fd.	312.6	329.0	-0.2	–
Cautious Pflio Fd.	121.6	127.9	-0.1	–
Elite Fund	108.9	114.6	+0.1	–
European Fund	80.4	84.6	-0.4	–
Far East Fund	112.0	117.8	+0.5	–
Fixed Interest Fund	242.0	254.7	-0.2	–
International Fund	260.2	273.8	+1.1	–
Money Fund	175.6	184.8	+0.1	–
N American Fd	119.1	125.3	+0.4	–
Property Fund	420.0	442.0	-1.5	–
UK Equity Fd.	384.2	404.4	-0.6	–
A I M. Brewin Dlphn Fd	94.1	99.0	+0.1	–
Swim Select Inv.	110.7	116.5	....	–
Court Safety First Bd	109.1	114.8	....	–
Exec Master Fd.	94.5	99.5	....	–
Hardwick Growth Fd	109.3	115.1	+0.1	–
Bentley Halg LR Port.	99.8	105.1	....	–

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON SHARE SERVICE

BRITISH FUNDS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	99	Treas 10½pc 1989	99xd	.....	–	–
99	98	Exch. 10pc 1989	99	.....	10.05	12.49
99	97	Exch 11pc 1989	99	–	11.06	12.29
98	95	Treas 5pc 1986–89	98	.....	5.11	10.10
99½	99	Exch 10¼pcCv '89	99	.....	10.30	11.09
101	100¼	Treas 13pc 1990‡‡	100	–	12.94	12.12
99	93	Exch 11pc 1990‡‡	99¼	–	11.09	12.08
101	99	Exch. 12½pc 1990	100	–	12.47	12.13
94	91	Treas. 3pc 1990	94xd	–	3.19	9.53
96	95	Treas 8¼pc 1987–90‡‡	96¼xd	+	8.53	11.57
98	95	Treas. 8pc Cv 1990 ‡‡	96	–	8.29	11.31
98	97	Treas. 10pcCv 1990	97	–	10.25	11.87
91	87	Exch 2½pc 1990	90	–	2.75	9.12
101	99	Treas 11¾pc 1991	100	–	11.74	11.69
92	89	Funding 5¾pc '87–91‡‡	92	+	6.24	10.46
89	86	Treas. 3pc 1991	89	.....	3.35	8.88
100	96	Treas 10pc Cv '91 ‡‡	97	.....	10.27	11.40
101	98	Exch. 11pc 1991	99	–	11.11	11.45
94	91	Treas. 8pc 1991	92xd	–	8.64	11.40
106	102	Treas 12¾pc 1992‡‡	103	–	12.30	11.12
99½	96½	Treas 10pc 1992	97	–	10.28	11.16
94	91½	Treas. 8pc 1992 ‡‡	92	–	8.67	11.15
100¼	97	Treas 10½pc Cv 1992‡‡	98	–	10.67	11.13
85	82¼	Treas. 3pc 1992	84½xd	.....	3.56	8.96
105	102	Exch. 12¼pc '92	103	–	11.89	11.12
109¼	105	Exch 13½pc 1992	106	–	12.66	11.04
94	90	Treas 8¼pc 1993	92	–	8.96	10.88
100	96	Treas 10pc 1993‡‡	97	–	10.24	10.75
108	104	Treas 12½pc 1993‡‡	105	–	11.85	10.83
87¼	84	Funding 6pc 1993‡‡	86	.....	6.96	9.97
113¼	109	Treas 13¾pc 1993‡‡	110¾xd	–	12.45	10.76
94	90	Treas. 8½pc 1994	91	–	9.26	10.76
117	113	Treas 14½pc 1994‡‡	114¾	–	12.67	10.56
113	109	Exch 13½pc 1994	110	–	12.26	10.78
		Five to Fifteen Years				
100	96	Treas. 10pc Ln. 1994‡‡	97¾xd	–	10.23	10.58
110¼	106	Exch. 12½pc 1994	106	–	11.70	10.76
96	92	Treas 9pc 1994‡‡	93	–	9.61	10.53
108	104	Treas 12pc 1995	105¼	–	11.40	10.73
79	74½	Exch 3pc Gas 90–95	77	+	3.90	7.91
101	97	Exch. 10¼pc 1995	98	–	10.42	10.62
113	109	Treas 12¾pc 1995‡‡	109	–	11.59	10.57
119	114	Treas. 14pc '96	115	–	12.13	10.69
97½	93½	Treas 9pc 1992–96‡‡	94	–	9.56	10.20
126	121	Treas 15¼pc 1996‡‡	122	–	12.46	10.61
117	112	Exch 13¼pc 1996‡‡	113	–	11.73	10.57
101	96	Conversion 10pc 1996	97¾	–	10.23	10.42
118½	113	Treas 13¼pc 1997‡‡	114	–	11.61	10.51
104	99	Exch 10½pc 1997	100¼	–	10.47	10.44
95	90	Treas 8¾pc 1997‡‡	91	–	9.53	10.22
128	122	Exch 15pc 1997	123	–	12.10	10.61
100	95	Exch. 9¾pc 1998	96	–	10.07	10.30
84	80½	Treas 6¾pc 1995–98‡‡	81	+	8.27	9.88
134	128	Treas. 15½pc '98‡‡	129	–	11.96	10.44
113	108	Exch. 12pc 1998	109½xd	–	10.96	10.39
100¼	95	Treas 9½pc 1999‡‡	96	–	9.83	10.03
115	110	Exch. 12¼pc 1999	111	–	11.00	10.37
105	100	Treas. 10½pc 1999	101¾xd	–	10.36	10.27
104	98	Conversion 10¼pc 1999	100xd	–	10.25	10.25
94	89	Treas. 8½pc Ln 2000‡‡	90	–	9.40	9.96
97	92	Conversion 9pc 2000‡‡	93	–	9.63	10.00
122	116	Treas. 13pc 2000	117	–	11.09	10.36
103	98	Treas 10pc 2001	99	–	10.04	10.05
124	118	Treas. 14pc '98–01	119xd	–	11.70	10.56
102	97	Conversion 9¾pc 2001	98	–	9.93	10.01
113	108	Exch. 12pc '99–02	109½	–	9.96	10.40
104	99	Conversion 10pc 2002	100	–	9.95	9.92
102	97	Treas 9¾pc 2002	98	–	9.86	9.89
97	92	Exch. 9pc 2002	93¼xd	–	9.59	9.82
126	120	Treas. 13¾pc 2000–03	121	–	11.28	10.39
105	100	Treas 10pc 2003	101½	–	9.85	9.78
113	107	Treas. 11½pc 2001–04	108	–	10.56	10.18

BRITISH FUNDS–Contd

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Over Fifteen Years				
106	101¼	Treas. 10pc 2004	102xd	.....	9.77	9.70
59	57	Funding 3½pc '99–04	57	–	6.08	8.55
102	97	Conversion 9½pc 2004	99	–	9.59	9.62
103	98	Conversion 9½pc 2005	99¼	.....	9.57	9.59
111	106	Exch. 10½pc 2005	107	–	9.76	9.58
125	119	Treas. 12½pc 2003–05	120xd	–	10.37	9.81
90	86	Treas. 8pc 2002–06‡‡	87	.....	9.17	9.50
105	101	Conversion 9¾pc 2006	101	–	9.57	9.51
118	113	Treas. 11¾pc 2003–07	114	–	10.27	9.61
96	91½	Treas 8½pc 2007 ‡‡	92	–	9.19	9.36
134	127	Treas. 13½pc '04–08	129	–	10.46	9.74
101	96	Treas. 9pc 2008 ‡‡	97	–	9.25	9.30
92	87	Treas 8pc 2009	88	–	9.01	9.23
102	97	Conv 9pc Ln 2011 ‡‡	98	–	9.17	9.20
68	65	Treas. 5½pc 2008–12‡‡	66	–	8.34	9.01
89	85	Treas. 7¾pc 2012–15‡‡	86½	–	8.96	9.12
132	126	Exch. 12pc '13–'17	127¼xd	–	9.44	9.19
		Undated				
45	42	Consols 4pc	43	–	9.16	–
40	38	War Loan 3½pc‡‡	38¼xd	–	9.03	–
70	60	Conv. 3½pc '61 Aft	66	–	5.29	–
41	31	Treas. 3pc '66 Aft	35	–	8.36	–
30¼	26	Consols 2½pc	27	–	9.05	–
29½	26	Treas. 2½pc	27	–	9.13	–

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
129	124	Treas 2pc IL '90(84.6)	129	.....	–	2.15
107	103	Do. 2pc '92‡‡(97.8)	107	.....	2.63	3.50
99	94	Do. 2 '94 (102.9)	99	.....	2.98	3.47
146	139	Do. 2pc '96(67.9)	146	+	3.09	3.43
124	118	Do 2½pc '01(78.3)	124½	+	3.40	3.60
122	115	Do. 2½pc '03(78.8)	121xd	+	3.42	3.63
125	117	Do. 2pc '06(69.5)	125	+	3.46	3.62
117	110¼	Do. 2½pc '09(78.8)	116xd	+	3.46	3.62
123	114	Do. 2½pc '11(74.6)	121	.....	3.47	3.62
102	95¼	Do. 2½pc '13(89.2)	101	–	3.45	3.59
110	101	Do. 2½pc '16(81.6)	109	–	3.43	3.56
108	100	Do. 2½pc '20(83.0)	107	–	3.39	3.50
91	84	Do. 2½pc '24‡‡(97.7)	90	–	3.35	3.46

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1988: 107.9 and for March 1989: 112.3.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108	102	African Dv Bk 11¼ Ln 2010	103	+	10.73	10.68
104	99	Asian Dev Bk 10¼pcLn2009	100xd	+	10.21	10.19
130	123	Australia 13½pc 2010	124xd	+	10.87	10.61
113	106	Do. 11¾pcLn2015	107xd	+	10.56	10.50
108	102	Euro Inv Bk 11pc Ln 2002	103	–	10.62	10.48
104	98	Do. 10¾pc2004	99	–	10.39	10.39
119	112	Int-Am Dev Bk 12½pc 2003	113	+	11.03	10.62
99	93	Do. 9¼pcLn 2015	94	+	10.29	10.33
97	94½	Mlysia 10¾pcLn 2009	94½xd	.....	11.38	11.45
120	118	Utd. Mexican States 16½pc 2008	118	.....	13.98	13.80

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	100	Birmingham 13½pc 1989	101½xd	.....	13.30	11.20
111	102½	Do 11½pc 2012	106½xd	.....	10.80	10.70
91	87½	GLC 6¾pc 1990–92	87½xd	.....	7.71	11.70
124½	14½	Leeds 13½pc 2006	121½xd	.....	11.11	10.72
33	30	Liverpool 3½pc Irred	31xd	.....	11.29	–
94½	92	LCC 6¾pc '88–90	93½xd	.....	7.22	12.90
30	28	Do. 3pc '20 Aft	30xd	.....	10.00	–
107½	104½	Manchester 11½pc 2007	106½xd	.....	10.80	10.70

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988–92	88	.....	8.24	11.90
206	206	S Rhod 2½pc Non-Assd	206	.....	–	–
84½	84½	Do. 4½pc 87–92 Assd	84½xd	.....	5.33	9.33

LOANS

Building Societies

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	98	N'wide Anglia 8pc 30.5.89	99	.....	8.96	13.23
99	98	Do. 9pc 26.6.89	99	.....	9.86	12.95
99	98¼	Do. 10pc 17.7.89	99	.....	10.74	13.08
99	98	Do. 11pc 7.8.89	99	.....	11.12	13.13
99½	98	Do. 11pc 29.8.89	99½	.....	11.63	13.12
99	99	Do. 12¼pc 18.9.89	99	.....	12.43	13.16
99	99	Do. 12pc 2.10.89	99	.....	12.37	13.15
99	98	Do. 11pc 6.11.89	99xd	.....	11.89	13.16
100	99	Do. 12pc 4.12.89	99	.....	12.37	13.19
100	99	Do. 12pc 2.1.90	99	.....	12.85	13.20
100½	99	Do. 12pc 29.1.90	99½	.....	12.63	13.17
100	99	Do. 12pc 26.2.90	99	.....	12.74	13.15
102¼	99¼	Do. 3⅞pcIL Ln 2021	100¼xd	.....	4.38	4.45

Public Board and Ind.

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	95	Agric. Mt. 5pc '59–89	99	.....	5.05	–
47	45	Met. Wtr. 3pc 'B'	46xd	.....	6.52	10.41

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	.....	3.50	f8.75
45	40	Do. 6pc 28 Stb. Ass	40xd	.....	3	f7.50
45	40	Do 4pc Mixed Ass.	40xd	.....	2	f5.00
80	65	Hung. '24 Ass.	80	.....	2.75	f3.57
139	132½	Hydro Quebec 15pc 2011	133	+	15.00	10.95
128	122	Iceland 14½pc Ln 2016	123xd	+	14.50	11.61
97¾	94½	Ireland 9¾pc '91–96	94½xd	.....	9.75	10.85

AMERICANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
36	26¼	Abbott Laboratories‡	36xd	+	$1.20	–	1.9
537p	361p	♥Allegheny & W 1c	527p	+10	30c	–	3.3
15⅞	12	Amax $1	15¼xd	–	40c	–	1.5
12¾	956p	Amdahl 5c	12¾xd	+	h10c	–	0.5
33¼	25½	Amer. Cyanamid $5	33¼	–	$1.35	–	2.4
20¾	14	Amer. Express 60c	19¼xd	–	84c	–	2.5
13¼	854p	Amer. Medical Int. $1	13¼	.....	472c	–	3.2
21	15¾	American T. & T. $1	21	+	$1.20	–	3.3
34	26	Ameritech $1	34	.....	b$2.92	–	4.9
15	9	BankAmerica $1	15½xd	–	60c	–	2.3
28¼	19	Bankers N Y. $1	28¼xd	+	$2.08	–	4.3
51	38½	Bell Atlantic $1	51	.....	$4.08	–	4.7
29	19	BellSouth Corp.	28¼	–	$2.52	–	5.1
15⅞	12	♥Bethlehem Steel $8	14xd	–	–	–	–
11	929p	♥Bio-Rad Labs. A	12	+	–	–	–
20	15¼	Bowater Inc.	20	+	$1.12	–	3.2
12	9¼	Brunswick 75c	12	+	44c	–	2.0
36	28	CPC Intnl. 25c	36	+½	$1.60	–	2.6
20¼	17	CSX $1	20	+	$1.24	–	3.6
798p	333p	California Engy	639p	+3	–	–	–
25½	17¼	Campbell Soup 15c	25	–	92c	–	2.1
22	15	Chase Manhattan $12½	22xd	+	$2.36	–	6.6
21½	17	Chem. Banking Corpn.	20	+	$2.72	–	7.6
16	13	Chrysler $6¼	14xd	+	$1.20	–	4.7
18	14	Citicorp $1	18xd	+	$1.62	–	5.1
230p	152p	CityFed Fin. Corp	153p	+1	4c	–	1.5
31	25¼	Colgate-Palmolive $1	31	+	s$1.48	–	2.8
21½	16¾	Cons Freightways 62½c	18	.....	98c	–	3.2
14	10¼	Cont'l Bank Corp $4	14	+	86c	–	3.2
387½p	300p	♥Corporate Data Scnce.	320p	–9	–	–	–
406p	278p	Cullinet Sftwr 1c	390p	+10	–	–	–

Continued on next page

Henderson Global Strategy Mngmt SA

NICS Europe and Income Fund

NM Income & Gwth Fd

NM Schroder Financial Mngt Intl Ltd

National Mutual Insce Co (Bermuda) Ltd

Skandifond

The Charities Deposit Fund

2 Fore Street, London EC2Y 5AQ 01-588 1815

Gartmore Money Management Ltd

2-3 White Hart Yard, London SE1R 1NX. 01-236 1425

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

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AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
25¼	21¾	Dana Corp. $1	25¼	+½	$1.60	–	3.7
10⅞	854p	Data General	10⅝	+⅛	–	–	–
33¾	28¼	Dun & Bradstreet $1	33⅝	+¼	$2.00	–	3.5
36⅞	30½	Eaton Corpn 50c	36⅞xd	+⅛	h$2.00	–	3.2
11	6⅞	Echlin Inc	11⅝	+⅛	70c	–	3.7
19⅛	16⅞	FPL Group 1c	18⅞xd	–⅛	$2.20	–	6.8
32⅛	27⅝	Ford Motor $1	29⅝	+⅞	$3.00	–	5.9
37⅛	30⅝	GATX 62½c	37⅛	+⅛	$2.00	–	3.1
31⅝	24¼	Gen. Elect. 63c	31⅞xd	–⅛	$1.64	–	3.0
567p	484p	♦General Host Corp $1	527p	+2	28c	–	3.1
24¾	18¼	Gillette $1	24¾	+⅛	96c	–	2.3
806p	616p	Gt Am First Svgs Bk $1	795p	–11	60c	–	4.4
20⅞	16⅞	Greyhound $1½	20⅞	+⅛	$1.32	–	3.8
11½	847p	Hasbro Inc 50c	11⅛	–⅛	16c	–	0.8
8½	6	Home Group $1	8⅛xd	+⅛	20c	–	1.4
47⅞	32¾	Honeywell $1½	47⅞	+⅛	$2.10	–	2.6
18	15¼	Houston Inds ‖	18	..	$2.96	–	9.6
74⅝	63⅛	IBM Corpn $1¼	68xd	–½	$4.84	–	4.2
52p	45p	♦Image Storage/R Sys Ic ♥	47p	..	–	–	–
25½	18¾	Ingersoll-Rand $2	25⅛xd	+⅛	$1.04	–	2.4
29⅜	22½	Lockheed Crpn. $1	28⅞xd	+¼	$1.60	–	3.2
18⅞	15⅛	Lone Star Inds $1	18⅛xd	–⅛	$1.90	–	6.1
21⅞	17½	Louisiana Land 15c	21⅞xd	+⅛	$1.00	–	2.7
15⅛	11½	Lowe's 50c	15½	–⅛	48c	–	1.8
21⅛	15⅛	Manuf. Hanover $1	20⅞	+⅛	$3.28	–	9.2
18⅞	13⅞	Merrill Lynch $1	17⅞	–⅛	$1.00	–	3.3
2253p	1910p	Molex Inc	2055p	–27	3.2c	–	–
23⅝	18⅛	Morgan (JP) $2½	23¼xd	+½	$1.66	–	4.2
45½	36⅛	NYNEX $1	45½	+⅜	$4.36	–	5.6
22¼	18¼	PHH Corp. ‖	22¼	+⅛	$1.12	–	2.9
253p	220p	♦Pacific Agr ‖	253p	+5	–	–	–
23½	19	Pacificorp $3¼	23½	+¼	$2.64	–	6.6
24⅞	16⅞	Pacific Telesis 10c	24⅛	...	$1.83	–	4.5
20	15¼	Pall Corp. 25c	19⅞	–⅛	48c	–	1.4
51⅛	39⅞	Pennzoil 83 1/3c	51⅛xd	+⅛	$3.00	–	3.4
23⅞	17⅛	Premark Intl	23⅜	+⅞	60c	–	1.5
36¼	28⅝	Quaker Oats $5	36¼xd	+¼	$1.20	–	1.9
26⅜	23½	Rep NY Corpn $5	26⅝	+⅛	$1.28	–	2.8
13⅝	11½	Rockwell Intl. $1	13⅝xd	+⅛	72c	–	3.1
31⅛	21⅝	Southwestern Bell $1	31⅛	+½	$2.60	–	4.8
24⅞	17⅞	Sun Co. Inc. $1	24⅞xd	+⅛	$1.80	–	4.3
26⅝	22⅞	TRW Inc 62½c	26¼xd	..	$1.72	–	3.8
19⅜	14½	TW Services $5	19¼	+⅛	10c	–	0.3
33¼	26¼	Tenneco $5	33	–⅛	$3.04	–	5.4
33	28	Texaco $6.25	33xd	+⅛	♦$3.00	–	5.3
26	21⅝	Texas Instr. $1	26xd	+⅛	72c	–	1.6
73⅞	58⅝	Time Inc $1	73⅞	+1⅛	$1.00	–	0.8
17¼	15⅛	TRINOVA Corp	16½xd	+⅛	s64c	–	2.3
21⅞	16	USX $1	21⅛xd	+⅞	$1.40	–	3.8
164p	126p	♦Unilab	155p	...	–	–	–
31⅞	22⅛	Utd. Technologies	31⅛	–⅛	$1.60	–	3.0
152p	128p	♦Utilitech Inc	146p	–1	–	–	–
41¼	31½	US West‖	41¼	+¼	$3.76	–	5.3
30⅞	22⅝	Waste Management $1	30⅞xd	+⅛	38c	–	0.9
18⅝	13½	Whirlpool $1	18½	–⅛	$1.10	–	3.5
20⅜	16⅞	Whitman Corp	20⅛xd	–⅛	96c	–	2.8
32¼	28⅛	♦Woolworth $3½	32	–¼	$1.64	–	3.0

CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
157p	129p	♦ABM Gold Corp ‖	141p	...	–	–	–
23⅝p	4½p	♦Abbot Energy Corp	12p	...	–	–	–
13¼	902p	♦Amer. Barrick Res.	12½	+¼	–	–	–
3¼p	2⅛p	♦Amer. Lightwave ‖	2½p		–	–	–
19½p	12¼p	♦Armeno	13½p		–	–	–
316p	94p	♦Asiamerica Hldgs ‖	308p	–6	–	–	–
33½p	18p	♦Augmitto Expln	19p	+1	–	–	–
15⅞	12⅞	Bk. Montreal ‖	15⅞	–⅛	$2.12	–	6.8
684p	655p	Bk. Nova Scot. ‖	679p	–5	84c	–	4.8
19½	17	BCE ‖	19⅜	–⅛	$2.44	–	6.4
796p	570p	♦Bow Valley‖	796p	+15	♦40c	–	2.5
14¼	12⅛	♦Brascan‖	14¼	+⅛	88c	–	3.1

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

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INSURANCES—Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING—Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES—Contd

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ° Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¥ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∎ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on *assumption Treasury Bill Rate stays unchanged until maturity of stock*. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend *and yield based on merger terms. z Dividend and yield include a* special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... γ	100xd	+1
Craig & Rose £1 . γ	720	......
Finlay Pkg 5p ... γ	91	....
Holt (Jos) 25p..... γ	1295xd	......

IRISH

Cap. 8½% Ln 1991 .	£98	......
9pc Cap Ln 1996..	£97½	−¼
Fin. 13% 97/02...	£118	......
Arnotts	450	..
Carrol (P.J.)....... γ	150	−5
Hall (R & H).......	155	......
Helton Hldgs..... .γ	78	−3
Irish Ropes..........	197	....

TRADITIONAL OPTIONS
3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	48
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk.	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property	
Brit Land	30
Land Securities	52
MEPC	50

Oils	
Brit Petroleum	21
Do. Int. Certs	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines	
Cons Gold	100
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Trade figures boost dollar

A SMALLER than expected US trade deficit pushed the dollar up again yesterday as the combination of strong export growth and recent signs of weakening US consumption encouraged further buying of the currency.

The Bank of Japan sold about $500m in Tokyo, before the trade figures were known, but the US Federal Reserve and European central banks had not entered the market by the time trading closed in London last night.

The US deficit in March fell to $8.86bn, from a revised $9.82bn in February. The shortfall in February had previously been stated at $10.5bn and the market was expecting little change in March, with most forecasts in the region of $10.2bn. Exports were very strong in March, showing a rise of 7.4 per cent.

While the foreign exchanges were enthusiastic about the trade figures, economists took a more sober view, noting that after a marked fall in the deficit at the beginning of 1988 there has since been only a slow improvement. The monthly deficit continues to run at around the $9.5bn level, and is expected to result in a figure of about $110bn for the year, compared with $120bn in 1988.

Nevertheless the cut in the March deficit pushed the dollar to a peak of DM1.9765, the highest level since December 1986. It also rose sharply against the yen, to a high of Y139.45, the strongest since October 1987.

Profit taking brought the US currency down a little in late London trading, but it closed much higher on the day at DM1.9730 compared with DM1.9435; at Y139.25 against Y137.30; at SFr1.7640 compared with SFr1.7360; and at FFr6.6825 against FFr6.5750. On Bank of England figures the dollar's index rose to 71.3 from 70.3, the highest since the index was rebased at the beginning of the year.

Sterling fell with other currencies against the strong dollar, showing little reaction to figures on UK industrial production and repayment of the PSBR. The pound lost 2.65 cents to $1.6130, the lowest closing level since August 1987, and eased to DM3.1825 from DM3.1850 and to Y224.50 from Y225.00, but was unchanged at SFr2.8450 and FFr10.7800. Sterling's index fell 0.4 to close at the day's low of 94.3, the weakest since the index was rebased at the turn of the year.

A high Australian current account deficit continued to depress the Australian dollar. On Tuesday it was announced the April deficit was $1.19bn, showing only a small improvement over the March shortfall of $1.63bn.

The Reserve Bank of Australia intervened repeatedly on Tuesday and Wednesday in Sydney, but failed to prevent the local currency falling through technical support levels at 77.00 US cents and 76.80 cents. It touched a 12-month low of 76.30 cents in Sydney yesterday and fell below 76.00 cents in London, on the release of the US trade figures, to close at around 75.80 cents.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5741	+2.63	+0.93	±1.5344
Danish Krone	7.85212	8.10261	+3.19	+1.49	±1.6404
German D-Mark	2.05853	2.08117	+1.10	-0.60	±1.0981
French Franc	6.90403	7.04731	+2.08	+0.38	±1.3674
Dutch Guilder	2.31943	2.34628	+1.16	-0.54	±1.5012
Irish Punt	0.768411	0.778334	+1.29	-0.41	±1.6684
Italian Lira	1483.58	1516.38	+2.21	+1.21	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

May.17	Latest	Previous Close
£ Spot	1.6350-1.6360	1.6430-1.6435
1 month	0.42-0.41pm	0.43-0.40pm
3 months	1.27-1.25pm	1.29-1.25pm
12 months	4.68-4.58pm	4.65-4.55pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May.17	Previous
8.30 am	94.6	94.8
9.00 am	94.6	94.8
10.00 am	94.6	94.8
11.00 am	94.6	94.8
Noon	94.6	94.8
1.00 pm	94.6	94.8
2.00 pm	94.5	94.8
3.00 pm	94.4	94.8
4.00 pm	94.3	94.7

CURRENCY RATES

May.17	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.772727	0.654610
U.S. Dollar	7	1.27075	1.07029
Canadian $	12.39	1.51092	1.27450
Austrian Sch.	5	17.3178	14.6447
Belgian Franc	7.75	51.4844	43.5741
Danish Krone	7½	9.57828	8.10261
Deutsche Mark	4.50	2.46119	2.08117
Neth Guilder	5.50	2.77214	2.34628
French Franc	9½	8.31896	7.04731
Italian Lira	13½	1788.71	1516.38
Japanese Yen	2½	174.855	147.272
Norway Krone	8	8.90160	7.52733
Spanish Peseta	-	153.360	130.275
Swedish Krona	9½	8.32595	7.03928
Swiss Franc	4.5	2.20094	1.86230
Greek Drach.	20½	209.146	176.876
Irish Punt	-	0.920302	0.778334

*All SDR rates are for May.16

CURRENCY MOVEMENTS

May 17	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.3	-16.6
U.S. Dollar	71.3	-7.6
Canadian Dollar	103.8	+0.3
Austrian Schilling	106.4	+9.8
Belgian Franc	105.4	-6.3
Danish Krone	102.3	-2.3
Deutsche Mark	111.9	+20.0
Swiss Franc	102.4	+11.6
Guilder	109.5	+12.8
French Franc	98.6	-15.6
Lira	97.6	-19.7
Yen	143.4	+75.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for May.16.

OTHER CURRENCIES

May.17	£	$
Argentina	193.00-193.30	119.15-119.50
Australia	2.1355-2.1375	1.3200-1.3210
Brazil	1.7945-1.8035	1.1100-1.1150
Finland	7.0720-7.0930	4.3120-4.3140
Greece	268.20-272.50	163.90-166.55
Hong Kong	12.5725-12.5850	7.7730-7.7750
Iran	119.20*	72.40*
Korea(Sth)	1089.70-1098.45	663.80-669.20
Kuwait	0.47430-0.47620	0.29375-0.29475
Luxembourg	66.55-66.65	41.25-41.35
Malaysia	4.3425-4.3540	2.6880-2.6910
Mexico	3973.35-3977.15	2458.00-2459.00
N. Zealand	2.6800-2.6850	1.6585-1.6610
Saudi Ar.	6.0630-6.0735	3.7515-3.7525
Singapore	3.1785-3.1875	1.9660-1.9700
S. Af (Cm)	4.3455-4.3590	2.6900-2.6950
S. Af (Fn)	6.6040-6.8855	4.0815-4.2555
Taiwan	41.60-41.70	25.70-25.75
U.A.E.	5.9380-5.9500	3.6725-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

May.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 66.65-66.75. Six-month forward dollar 2.59-2.54pm 12 month 4.65-4.55pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 41.30-41.40.

EURO-CURRENCY INTEREST RATES

May 17	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 9⅝-9½ per cent; three years 9⅝-9½ per cent; four years 9⅝-9½ per cent; five years 9⅝-9½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

May.17	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Firmer tone

EUROPEAN INTEREST rates adopted a firmer tone yesterday, giving rise to speculation that lending rates may be lifted in an attempt to control the dollar's rise.

The West German Bundesbank increased its minimum accepted bid at yesterday's sale and repurchase tender to 6.35 per cent from 6.20 per cent at the previous tender. While most of the bids were accepted

UK clearing bank base lending rate 13 per cent from November 25

at this rate, successful applications ranged up to 6.80 per cent - well in excess of the current 6.5 per cent Lombard rate.

However, the Bundesbank will not be holding a news conference after today's meeting of the central council, and this news led some traders to suggest that key lending rates are unlikely to be increased for the time being.

Interest rates were also higher in Brussels, where the Belgian National Bank increased its key three-month Treasury bill rate to 8.50 per cent from 8.30 per cent. The one-month rate was also increased to 8.10 per cent and the two-month to 8.35 per cent. At the same time, the Bank reduced money market liquidity by injecting BFr13.6bn through sale and repurchase agreements against a maturing facility of BFr23.3bn.

Interest rates in Paris were virtually unchanged. Speaking on French television, Mr Pierre Beregovoy, the French Finance Minister, showed little concern about the outlook for French rates. Despite the dollar's sharp rise, the French franc is under very little pressure against the D-Mark and is comfortably placed within the European Monetary System.

UK interbank rates showed little reaction in the key three-month period to sterling's weaker tone, finishing at 12⅞-12¾ per cent compared with 12⅞-12½ per cent on Tuesday. However, rates from three-months out to one-year finished close to a flat yield curve, highlighting the market's uncertainty about future interest rate trends.

Overnight money opened at 12¾ per cent and eased initially to a low of 11 per cent before picking up towards the close to 12 per cent.

The Bank of England forecast a flat liquidity position, which was later revised to a shortage of around £100m. However, the authorities gave no assistance in the morning or afternoon. Factors affecting the market included a take up of Treasury bills and repayment of late assistance, together with bills maturing in official hands draining £385m. There was also a rise in the note circulation of £115m. These were offset by Exchequer transactions which added £385m and banks' balances brought forward a nominal £10m above target.

FT LONDON INTERBANK FIXING

(11.00 a.m. May.17)	3 months US dollars		6 months US Dollars	
	bid 9¼	offer 9⅜	bid 9¼	offer 9⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	11½	One month	8.73
Broker loan rate	10¼-¾	Two month	8.78
Fed funds	[illegible]	Three month	8.64
Fed funds at intervention	[illegible]	Six month	8.63
		One year	8.59
		Two year	9.00
		Three year	8.94
		Five year	8.90
		7 year	8.90
		10 year	8.88
		30 year	8.82

May.17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

May.17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 12⅝ per cent; three months 12⅝ per cent; Bank Bills (sell): one-month 12⅝ per cent; three months 12⅝ per cent; Treasury Bills: Average tender rate of discount 12.2481 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 28, 1989. Agreed rates for period May 24, 1989 to June 25, 1989, Scheme I: 13.76 p.c. Schemes II & III: 14.43 p.c. Reference rate for period April 1 to April 28, 1989, Scheme IV&V: 13.209 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13½ from May 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1, 1988. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES

US Treasury bonds below best

US TREASURY bonds rose sharply in yesterday's Liffe market after better than expected US trade figures, but failed to maintain the firmer trend. The June contract touched a high of 91-25 compared with an opening level of 91-03, but slipped away to finish at 91-06 compared with 90-27 on Tuesday.

The retreat from the day's high reflected a lack of follow through demand after the trade figures were announced, and sellers soon appeared at the day's highs since many investors were already running long positions.

West German Government bonds lost ground as the D-Mark fell to a two and half year low against the dollar, increasing fears that German lending rates may be raised. The June bond price touched a low of 92.52, down from 92.74 at the start, and finished at 92.54 compared with 92.78 on Tuesday.

Short-sterling futures adopted a softer tone, reflecting sterling's overall decline. Most investors see little chance of a cut in base rates in the short term, but a further decline in sterling could increase upward pressure on rates.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE BUND FUTURES OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE £/$ OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE EURODOLLAR OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE SHORT STERLING

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; 7-10 YEAR 9% NOTIONAL GILT; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH ECU; FT-SE 100 INDEX; POUND-$ (FOREIGN EXCHANGE)

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls				Puts			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); THREE-MONTH EURODOLLAR (IMM); U.S. TREASURY BILLS (IMM); SWISS FRANC (IMM); STANDARD & POORS 500 INDEX; THREE MONTH EURODOLLAR; POUND-STERLING (IMM)

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol	Last	Vol	Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 56,968

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm. Bk. N. East	13	Northern Bank Ltd	13
AAB-Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptnrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bank	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shanghai	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bank	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	‡13.75		
Citibank NA	13	Mount Banking Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
335	295	Ass. Brit. Ind. Ordinary	335xd	0	10.3	3.1	9.0
38	28	Armitage and Rhodes	28	0	-	-	-
33	25	BBB Design Group (USM)	30	0	2.1	6.3	7.3
183	149	Bardon Group (SE)	183	+8	2.7	1.5	11.3
122	105	Bardon Group Cv. Pref. (SE)	112	+1	6.7	6.0	-
120	100	Bray Technologies	100xd	0	5.9	5.9	8.8
110	107	Breehill Conv. Pref	108	0	11.0	10.2	-
305	285	CCL Group Ordinary	298xd	0	14.7	4.9	3.7
176	168	CCL Group 11% Conv.Pref	176	0	14.7	8.4	-
188	118	Carlo Plc (SE)	118	0	7.6	5.8	11.8
110	109	Carlo 7.5% Pref (SE)	110	0	10.3	9.4	-
390	355	George Blair	390	+5	12.0	3.1	8.6
125	119	Isis Group	125	+1	-	-	16.4
174	115	Jackson Group (SE)	174	0	7.1	4.1	10.1
322	261	Multihouse NV (AmstSE)	305	0	-	-	-
107	98	Robert Jenkins	107	0	7.5	7.0	4.0
465	403	Scruttons	465xd	0	18.7	4.0	12.4
280	270	Torday & Carlisle	280	0	9.3	3.3	9.8
113	100	Torday & Carlisle Conv Pref	113	0	10.7	9.5	-
122	92	Trevian Holdings (USM)	107	0	2.7	2.6	11.5
114	106	Unitrust Europe Conv Pref	114	0	8.0	7.0	-
395	355	Veterinary Drug Co. Plc	395	0	22.0	5.6	9.4
370	327	W.S Yeates	332xd	+2	16.2	4.9	27.7

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA.

These Securities are dealt in strictly on a matched bargain basis. Neither Granville & Co Limited nor Granville Davies Limited are market makers in these securities.

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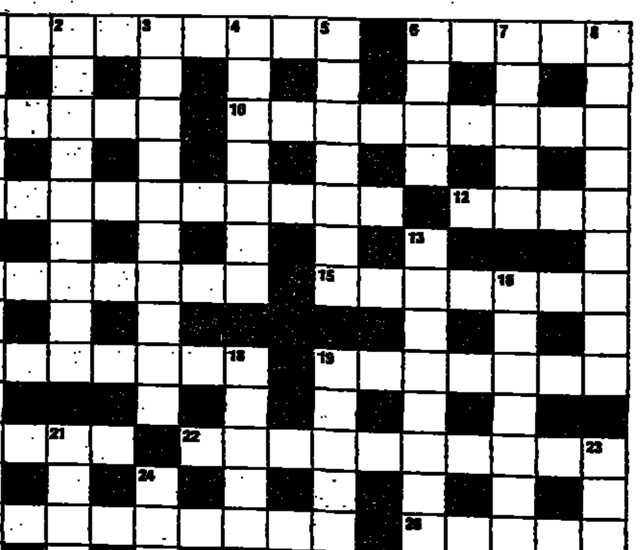
JOTTER PAD

CROSSWORD

No.6,937 Set by MUTT



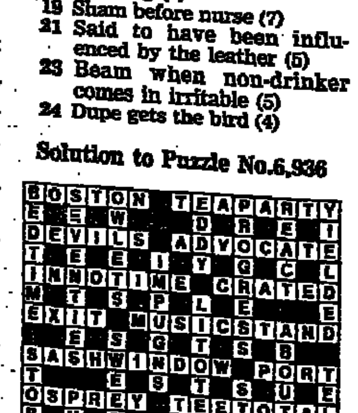
ACROSS

1 Big rat hearing bow-legged waterfowl (9)
6 Giant gets periodical leave to return (5)
9 Gloomily threatening to take cover outside the old church (9)
10 Flung in to cause sticking (5)
11 Carver does improvisation of Duet to Crow (4-6)
12 Starting marriage with row about Khayyam (4)
14 King George I writing close to port (7)
15 Poles in characteristic conveyance (7)
17 Bit of rice is under your foot, from the meatball (7)
19 Pawns piano and shelves (7)
20 Parker is big in New York (4)
22 One butting in when dozy inert ref shows hesitation (10)
25 Form queue, ban about fifty, getting disgruntled (9)
26 Man ignoring second danger warning (5)
27 Suggest we shortly go back and put article in lift (5)
28 Forever taking aim, man gets cunning (9)

DOWN

1 It's hell down there (5)
2 Drugs discovered in car-cost phenomenal (9)
3 Shilly-shallying of French getting cut-out (10)
4 Linger longer, having old-fashioned Sunday on the river (7)
5 The very least have need of money – that's by the way (7)
6 Came galumphing into the club (4)
7 Newlywed given key to chamber (5)
8 Talk gets almost commonplace over one's internal complaint (9)
13 Undressed old love in candlelight (5,5)
14 Rain storm coming from the east, must put sticks round the flowers (9)
16 Honeybunch is not so much lacking in sweetness (9)
18 Honour for some, often no blessing (7)
19 Sham before nurse (7)
21 Said to have been influenced by the leather (5)
23 Beam when non-drinker comes in irritable (5)
24 Dupe gets the bird (4)

Solution to Puzzle No.6,936



WORLD STOCK MARKETS

CANADA

TORONTO
4pm prices May 17

MONTREAL
4pm prices May 17

Total Sales 5,300,850 shares.

INDICES

NEW YORK — DOW JONES

	May 17	May 16	May 15	May 12	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2462.43	2453.45	2463.89	2439.70	2463.89 (15/5)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.64	89.50	89.35	88.99	89.64 (16/5)	87.35 (23/3)	-	-
Transport	1140.69	1139.07	1139.07	1133.73	1144.08 (27/4)	959.95 (3/1)	1144.08 (27/4/89)	12.32 (8/7/32)
Utilities	198.44	196.60	196.36	196.01	198.44 (17/5)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2478.74 (2469.76) Low 2439.70 (2439.88)

STANDARD AND POOR'S	May 17	May 16	May 15	May 12	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite †	317.48	315.28	316.16	313.84	317.48 (17/5)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	364.90	362.52	363.67	360.88	364.90 (17/5)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	29.41	29.22	29.26	28.98	29.41 (17/5)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	176.98	175.92	176.25	175.13	176.98 (17/5)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	351.84	349.92	350.04	348.30	351.84 (17/5)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	438.52	435.66	436.21	434.83	438.52 (17/5)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	May 12	May 5	Apr 28	year ago (approx.)
Dow Industrial Div. Yield	3.43	3.51	3.45	3.60
	May 10	May 3	Apr 26	year ago (approx.)
S & P Industrial div. yield	3.12	3.08	3.08	2.94
S & P Indl. P/E ratio	13.54	13.64	13.60	15.35

TRADING ACTIVITY † Volume

Millions	May 17	May 16	May 15
New York	192.783	174.469	180.894
Amex	12.806	11.597	10.916
OTC	(u)	143.457	133.659

NEW YORK	May 17	May 16	May 15
Issues Traded	1,971	1,968	1,994
Rises	958	677	927
Falls	505	791	576
Unchanged	508	500	491
New Highs	197	122	170
New Lows	19	22	14

CANADA — TORONTO

	May 17	May 16	May 15	May 12	1989 High	1989 Low
Metals & Minerals	3461.4	3458.3	3486.6	3430.1	3564.9 (6/2)	3207.5 (3/1)
Composite	3669.5	3658.7	3661.2	3638.8	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1889.95	1884.47	1881.25	1862.22	1889.95 (16/5)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Gen Electric	2,566,000	53	+ 1¼
Am T & T	2,164,800	34⅝	+ ¼
Mcgraw-Hill	2,059,000	69	- 5¼
Repsol S.A.	2,046,000	17	- ⅛
Eastman Kodak	1,890,200	43½	+ ½
Texas Utilities	1,862,000	30½	+ ⅝
Prime Computers	1,818,800	15⅞	- 1⅝
IBM	1,806,900	111½	+ ⅛
Occidental Petroleum	1,700,600	28⅜	+ ½
Tosco	1,700,400	5⅛	+ ¼

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 17	May 16	May 15	May 12	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1561.6	1557.3	1565.8	1537.1	1565.8 (15/5)	1412.9 (7/4)
All Mining (1/1/80)	697.2	694.9	699.6	684.7	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	317.86	319.73	(c)	320.48	320.48 (12/5)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6068.09	6051.12	(c)	6005.80	6068.09 (17/5)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	309.18	†310.64	(c)	309.55	310.64 (16/5)	275.49 (27/2)
FINLAND						
Unitas General (1975)	799.1	798.6	797.4	795.8	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	461.1	465.9	(c)	460.9	470.4 (24/4)	417.9 (4/1)
Ind. Tendance(30/12/88)	108.6	109.1	(c)	109.6	111.3 (24/4)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	563.41	563.60	(c)	567.60	585.28 (13/4)	535.78 (27/2)
Commerzbank (1/12/53)	1671.2	1672.5	(c)	1664.7	1741.9 (13/4)	1595.7 (27/2)
DAX (30/12/87)	1345.64	1339.75	(c)	1347.84	1394.62 (17/4)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3246.41	3289.50	3309.64	3278.43	3309.64 (15/5)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	607.01	602.76	602.50	603.40	620.30(24/4)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33992.45	33926.45	33716.29	33866.3	34135.24 (8/5)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2523.45	2520.13	2505.69	2519.64	2544.60 (8/5)	2366.91 (6/1)
NETHERLANDS						
CBS Tt.Rtn Gen.(End 1983)	237.3	238.6	(c)	239.2	240.1 (5/5)	208.3 (3/1)
CBS All Shr (End 1983)	185.2	186.3	(c)	186.8	190.6 (27/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	(c)	641.47	(c)	655.75	665.61 (19/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1310.02	1303.48	1295.40	1285.07	1310.02 (17/5)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1431.04	1442.0	1442.0	1490.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2473.04	2486.0	2501.0	2522.0	2581.0 (28/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	303.99	303.83	(c)	303.00	303.99 (17/5)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3950.4	3930.3	(c)	3901.4	3950.4 (17/5)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	669.3	674.6	(c)	675.9	686.0 (28/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	510.9	509.4	514.4	519.0 (17/2)	491.2 (28/3)

♦ Subject to official recalculation. † Correction.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500: (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Wednesday 17 May 1989

	Stocks Traded	Closing Prices	Change on day
Toshiba	45.2m	1,360	uch
Kawasaki Heavy	32.9m	1,100	+40
Fuji Heavy	22.5m	1,040	+30
Hitachi Zosen	20.5m	871	+21
Sumitomo Metal	19.1m	925	-10
Kawasaki Steel	15.4m	1,070	+50
Mitsubishi Kasei	14.9m	1,210	+10
Sanyo Electric	13.1m	848	-7
Mitsubishi Heavy	12.6m	1,130	+30
Keisei Electric Rail	12.0m	2,760	+110

AMEX COMPOSITE PRICES
4pm prices May 17

4pm prices May 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
29¾	21¼	AAR	.44	1.5	20	153	29¾	29½	29½	+ ⅜
10⅛	8⅞	ACM n	1.01	11		127	9	8⅞	9	
11⅞	10¼	ACMIn	1.28a	12.		558	10¼	10⅛	10¼	+ ⅛
10⅛	8½	ACM M	n1.01	11.		259	9	8⅞	9	+ ⅛
11½	10⅛	ACM Sc	1.25	12.		311	10⅜	10⅜	10⅜	
10⅛	8⅞	ACMSp	1.01	11.		569	9	8⅞	9	+ ⅛
6⅛	3½	AM Ind				3801	6	5¾	6	+ ¼
23½	18⅝	AM In pf	2	8.7		261	23	22¾	22⅞	
64⅞	39	AMR			8	4465	64½	63½	64⅜	+ ⅛
26⅝	25	ANR pf	2.67	11		7	25⅛	25⅛	25⅛	– ⅛
24⅜	23½	ANR pf	2.12	8.8		2	24	24	24	
9½	3⅞	ARX				98	4	d 3¾	3⅞	– ⅛
47	35¼	ASA	3a	7.3		508	41	40⅝	41	+ ¼
21½	14¼	AVX	.24	1.1	10	750	u21½	20¾	21⅜	+ ½
60¼	42⅞	AbtLab	1.40	2.3	18	3370	u60⅞	58⅛	60⅞	+ ⅞
19	15⅝	Abitibi g	1			92	17	16⅞	16⅞	+ ⅛
12	7½	AcmeC	.40	3.8		19	10½	10¼	10½	+ ⅛
8	5⅞	AcmeE	.32	4.1	78	11	7¾	7¾	7¾	– ⅛
33⅝	20¼	Acuson			26	488	u33⅞	33⅛	33¾	+ ⅛
16⅞	14¼	AdaEx	1.82e	12.		120	15⅜	15⅛	15¼	+ ⅛
16⅞	7⅛	AMD				7729	9½	9	9⅜	+ ⅜
43½	29¾	AMD pf	3	9.0		9	33⅜	33	33⅜	+ ⅛
9½	6½	Adobe				239	9¼	9	9	
21¾	19⅞	Adob pf	2.40	12.		2	20⅝	20⅝	20⅝	+ ¼
9⅛	5⅞	Advest	.12	1.6	16	41	7⅜	7⅜	7⅜	
54⅞	39¾	AetnLf	2.76	5.2	9	1680	53½	52⅞	53½	+ ½
49	24	AffPb s	.22	.5		1258	47¾	47⅛	47⅛	– ⅝
20⅛	13¾	Ahmans	.88	4.3	9	4699	u20⅜	19⅞	20⅛	+ ½
4⅝	2⅞	Aileen			19	10	3½	3½	3½	– ⅛
53½	37¾	AirPrd	1.20	2.8	11	1335	42½	41⅞	42¼	– ⅛
28⅞	15½	AirbFrt	.60	2.4	23	46	25⅝	25⅜	25½	+ ⅛
16⅞	12⅜	Airgas			13	129	19⅞	19⅝	19½	– ⅛
20½	17⅛	Airlease	2.40	12.	9	29	20⅛	20⅛	20⅛	+ ¼
28½	22½	AlaP	pf2.13e	9.3		40	23	23	23	
9⅝	6½	AlaP dpf	.87	9.4		10	9⅜	9¼	9¼	
96¼	88¼	AlaP pf	9	9.9		z50	90½	90½	90½	
97⅛	92½	AlaP pf	9.44	9.9		z3520	95⅜	93¾	95⅜	+ 1⅜

Continued on Page 39

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	11⅞	PrimeC				19171	16½	16½	16⅝	−2
39½	24⅜	PrimeM	.08	.3	18	1999	30⅞	30½	30⅝	
17⅞	14½	PrMLtd	2.04	14.	16	46	14⅝	14½	14⅝	− ⅛
29	20⅛	Primca	.28	1.3	6	1708	21⅜	21	21⅛	− ⅛
99¾	70⅜	ProctG	3.20	3.2	14	4682	u100⅛	98⅞	99⅝	+ ⅞
20¾	14⅝	ProRs	.48	2.4	18	93	20⅛	20⅛	20⅛	
33¾	21⅝	ProgCp	.44	1.6	8	861	28¼	27⅞	28⅛	+ ⅛
75¼	52½	Proler	1.40	1.9	6	26	u75½	74½	74½	− ⅞
10⅛	8½	ProsSt	n1.44	16.		254	9¼	9⅛	9¼	
10⅛	8¼	Prulnt	1.02	12.		726	8⅞	8¾	8¾	− ⅛
1½	1⅛	PruRlC			-3	60	1⅜	1¼	1¼	
6⅞	6	PruRl	.66	11.		43	6⅜	6¼	6¼	− ⅛
9⅞	8⅛	PruStr	1.05a	13.		662	8½	8⅛	8⅞	
23⅛	19½	PSvCol	2	9.2	12	728	21¾	21½	21¾	+ ⅛
22¾	20½	PSCol	pf2.10	9.8		6	21½	21⅛	21⅜	
12¼	10½	PSIn	pfB1.04	9.3		z270	11⅛	11⅛	11⅛	
12	10⅝	PSIn	pfC1.08	9.8		z300	11⅛	11	11	−1
87	81¼	PSIn	pfF8.52	9.8		z55	u87⅛	87⅛	87⅛	+ ½
6½	3	vjPSNH			-4	1076	4⅛	3⅞	4	+ ⅛
17¼	6	vjPSNH pf				z100	10¾	10¾	10¾	− ½
14⅞	6	vjPNH pfB				13	10⅞	10⅞	10⅞	− ⅛
19¾	8¾	vjPNH pfC				6	12½	12½	12½	− ¼
16½	6¼	vjPNH pfD				6	10¾	10¾	10¾	+ ¼
16	6	vjPNH pfE				20	11⅝	10⅛	10⅛	−1⅛
15¼	5⅝	vjPNH pfF				7	11¼	10¾	10¾	− ¼
15⅛	6	vjPNH pfG				13	11⅛	11	11	− ½
15⅞	10¼	PSvNM	.28j			1248	12⅞	12¼	12¼	
26⅛	22	PSEG	2.04	7.8	10	3859	u26¼	26	26⅛	
72	66½	PSEG	pf6.80	9.4		z150	72	72	72	
83½	77⅛	PSEG	pf8.08	10.		z20	80½	80½	80½	+ ½
3⅝	1⅝	Publick				47	3⅛	3	3	− ⅛
51¼	33⅜	PR Cem	.65e	1.4	8	60	46	45⅝	45⅝	+ ⅛
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
49½	44½	Xerox pf4.13		9.1		18	45½	45	45½	+ ½
44¼	29⅜	XTRA	.72	2.0	15	120	35¼	34¾	35⅛	+ ⅛
33	25	XTRA pf1.94		7.1		2	27⅜	27⅜	27⅜	− ⅛
3⅞	2	Zapata				204	3	2⅞	2⅞	
30	18⅝	Zayre	.40a	1.3	201	6094	u30⅛	29⅞	30⅛	+ ⅛
15½	10½	Zemex	.40	3.3	133	9	12	11⅞	12	+ ⅛
30	16½	ZenithE			588	2191	20⅛	19⅝	19⅝	− ¼
10⅜	8⅞	Zeninc	1.26	14.		z67	9¼	9¼	9¼	
2⅞	1	vjZenLb				365	1⅝	1⅝	1⅝	
21⅝	15	ZenNtl	.80b	4.4	8	62	18½	18¼	18¼	
19⅞	13¼	Zero	.44	2.3	15	608	19¼	18⅞	18⅞	+ ⅛
29½	19	Zurnin	.68	2.4	16	638	28⅝	28	28⅝	+ ⅛
11¼	10	Zweig	1.07e	9.8		268	10⅞	10¾	10⅞	
10⅛	8¾	ZweigT	n.24e	2.7		1066	9⅛	8⅞	9	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices May 17

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						
WichrEx		468	6⅝	6⅜	6⅝	
Worthg	.48	14 1253	21⅝	21⅛	21⅝	+ ¼
Wyman	.80	64 244	17¾	17¼	17¼	− ½
— X – Y – Z —						
XL Data s		23 591	19⅛	18¾	19⅛	
XCMA		603	16¼	15¾	16	− ⅛
Xicor		10 534	8	7¾	7¾	− ⅛
YelowF	.70	11 904	28⅛	27⅝	28⅛	+ ¼
ZionUt	1.44	6	24¾	24⅝	24¾	− ⅛
Zycad		125	3¾	3⅝	3⅝	−1-16

FINANCIAL TIMES Thursday May 18 1989

AMERICA

Trade figures spark Dow recovery

Wall Street

AFTER a shaky start to the session as traders tried to work out the implications of yesterday's trade report for March, equities settled and closed with modest gains, *writes Janet Bush in New York.*

The initial reaction to news that the US trade deficit had narrowed to $8.86bn from a revised $9.82bn in February was rather negative as bonds and equities moved down in response to a surge in exports to record levels.

The Dow Jones Industrial Average dipped from a marginal opening gain to a level below Tuesday's close before recovering again. By the close, the Dow was quoted 8.98 points higher at 2,462.43 on heavy volume of 182m shares.

The trade news had both positive and negative implications. The 7.4 per cent surge in exports to a record $30.78bn showed that US manufacturing industry has remained competitive in spite of the appreciation of the dollar since last December.

The news boosted the dollar to highs of Y139.45 and DM1.9760 yesterday morning in New York foreign exchange dealings. In late trading, the dollar was quoted at Y139.25 and DM1.9715.

Confidence in the dollar rests on a number of factors. For most of this year, the key to dollar strength has been high US interest rates but foreign exchange dealers are now beginning to talk about renewed capital flows into US securities markets boosting the US currency. There appears to be a growing confidence overseas that the economy is headed for a soft landing.

While in the long run this should be good news for stocks, the equity market is still tending to focus on the interest rate outlook and yesterday's surge in exports combined with a rise in imports convinced many that a Fed easing of monetary policy is not imminent.

The overall interpretation of yesterday's trade figures was that both manufacturing output and, to a lesser extent, consumer demand remain resilient.

The Fed is probably quite happy with this mix of economic growth and sees no need to raise or lower interest rates at this stage.

There was some caution in both bond and stock markets yesterday in advance of today's April consumer prices index which is expected to have risen by 0.6 per cent.

Among featured issues was Boeing which slumped $1⅛ to $80⅞ after aviation regulators from Britain, France, West Germany and the Netherlands told the company that its latest 747-400 jumbo jet does not meet their safety standards.

L. A. Gear, the manufacturer of athletic footwear, surged $4⅝ to $50⅝, adding to its $4⅝ jump on Tuesday. The stock was boosted by expectations that the company would forecast strong sales over the last six months at its annual meeting yesterday.

McGraw-Hill fell $5⅜ to $69 as investors gave the thumbs down to news that the company had agreed to form a joint venture with Macmillan, owned by Mr Robert Maxwell, in educational publishing.

Holiday Corp jumped $3⅞ to $45⅞ after the company indicated that it might sell its Harrah's Lake Tahoe hotel and casino for about $400m.

Prime Computer fell $1⅞ to $15⅞ after MAI Basic IV, long-time suitor of the company, said that it was re-evaluating its $20-a-share offer in light of the fact that Prime has lowered its projections for 1989 revenue and operating income and 1990 revenue.

Blockbuster Entertainment, one of the most volatile issues recently, yesterday jumped $1⅞ to $28⅞ after the company issued a defence of its accounting practices in response to a critical report by brokerage Bear Stearns. The company also said that it planned to open more stores this year than last.

Canada

THE US trade figures provoked an uncertain reaction in Toronto but the market rallied in line with Wall Street in the afternoon. The Toronto composite index was up 10.70 to 3669.50. Advances outnumbered declines 349 to 336 on volume of 27.8m shares.

Pagurian, which figures in a recently announced Bronfman restructuring of certain companies, led the active list. It climbed C$⅜ to C$9¼. Canadian Express, also affected by that restructuring, firmed 8 cents to C$1.08.

Bank stocks continued to perform strongly. Bank of Nova Scotia rose C$⅝ to C$17½ and Royal Bank C$⅛ to C$43⅞.

Copenhagen has a sizzling spring

A lacklustre bond market has helped equities, writes Hilary Barnes

AN ALMOST complete absence of new issues or capital increases, coupled with unusually low turnover in the domestic bond market, have put the spring back into Copenhagen's stock market.

Share prices on the Danish bourse have risen by about 15 per cent this year, with the stock exchange index establishing new records almost daily this spring. It closed yesterday at 308.18, slightly off Friday's peak of 309.55.

Good results from the leading industrials, more than meeting market expectations, have also helped sustain confidence in equities, says Mr Claus Hansen, of SDS Boers, the broking arm of the SDS savings bank. The bond market, meanwhile, has been hit by a period of extreme price stability and relatively low yields, making equities more attractive to investors.

The dearth of new paper will soon be broken, however.

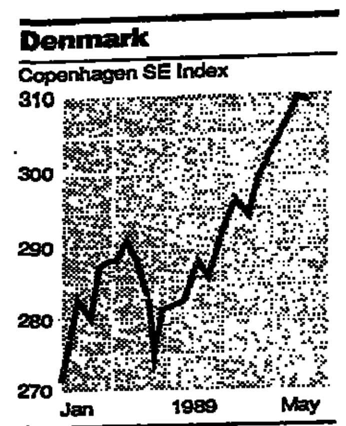
Several Danish savings banks will this year convert to limited stock companies from their traditional status as associations owned by depositors, a change made possible by legislation which took effect at the beginning of this year.

First to make the change is Bikuben, the second largest savings bank, the flotation of which in June will be the largest ever on the Danish equity market.

Bikuben will issue 9.4m shares at a maximum price per share of DKr270 ($35). Representatives of the savings bank were in London yesterday for a presentation to fund managers and banks, and will next week take their roadshow to Frankfurt.

The guarantors, who are the closest thing to a shareholder in the Danish savings banks, have been given first bite, with the opportunity to convert guarantee certificates to shares. Demand from the guarantors is apparently greater than expected, and they may buy about 70 per cent of the share issue before other investors have an opportunity to subscribe to the remaining shares.

The public subscriptions will take place between June 12 and 14 and the actual price per share will be announced on June 8. It will be determined by the index average for bank shares on June 2, 6 and 7 and brokers expect the price to be set at a level which makes it competitive with bank shares and which may offer the short-term investor the prospects of a quick, but not particularly large, profit.



In the longer term, increasing international competitive pressures, plus the fact that Denmark is widely regarded as having far too many banks, are expected to put pressure on bank shares, according to analyst Mr Peter Starup from Erik Moeller, the brokers now owned by Bergen Bank.

About a dozen of the 130 members of the Savings Bank Association are expected to convert to limited company status, according to Mr Svend Jakobsen, former Speaker of the Folketing (parliament) who retired from politics at the beginning of this year to become managing director of the association. The dozen will account for roughly 90 per cent of the savings bank sector.

The next significant issue will be by SDS, which is Denmark's and one of Europe's largest and most active savings banks, but the formal decision to convert will first be taken by SDS in August with a share issue expected in the autumn.

Bank shares have in fact underperformed the market this year, with the index slipping from 282 at the end of last year to 263. But demand appears to be picking up this week.

Apart from the general competitive considerations, bank share prices have been influenced by the fact that the banks had a very good year in 1988, which is unlikely to be repeated this year.

All the other sectors of the index are ahead, led by shipping, up by 28 per cent, insurance, 19 per cent, and industrials, 15 per cent.

ASIA PACIFIC

Further buying by index funds bolsters Nikkei

Tokyo

INTEREST in equities showed signs of withering as the yen slipped and Japan's political scene remained shaky, but share prices were helped by index funds and finished moderately higher, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average moved little during the day in thin trading and barely managed to maintain its upward trend, closing 66.00 points higher at 33,992.45. During the day it drifted within a narrow range between the day's high of 34,039.72 and the low of 33,946.85. Advances outnumbered declines by 477 to 385 with 212 issues unchanged.

The Topix index of all listed shares rose 3.32 to 2,523.45 and, in London trading, the ISE/Nikkei index rose 4.89 to 2,013.91.

Turnover was still very low at 792.33m shares, though up from the 665.56m traded on Tuesday. The light volume reflected the continuing effect of the political uncertainty created by the lack of a successor to Prime Minister Takeshita, as well as the yen's weakness in foreign currency markets.

Investors were in a less hopeful mood yesterday than on Tuesday and analysts suspected that a large part of the Nikkei's gains came from buying by index funds, which were also thought to have supported the market's rally on Tuesday.

The demand and supply balance, however, remained good, said Mr Shoin Yokoyama at Credit Suisse Investment Advisory Co. Some of the bad news, such as an increase in the official discount rate, would have to come out and be done with – possibly dealing share prices a significant blow – for the market to regain some of its bullish energy, he said.

Meanwhile, investors await the announcement of US trade figures and the outcome of a Bank of Japan policy board meeting on Friday at which the central bank is expected to discuss the possibility of a rise in Japan's discount rate.

Interest was disparate, although issues with good earnings prospects and those that have been neglected recently tended to be popular. The pharmaceutical sector, for example, was selected, with Daiichi Seiyaku gaining Y80 to Y2,750, Sankyo rising Y40 to Y2,510 and Yamanouchi and Dainippon Pharmaceutical both advancing Y30 to Y2,250.

Chugai Pharmaceutical also added Y40 to Y1,720 as a laggard and on the strength of a new product that it is expected to launch soon.

Mitsui Toatsu Chemicals gained Y30 to Y1,150, both as a laggard and on expectations that pre-tax profits for the year to March 1990 would rise to a new high, as the company has made strenuous efforts to cut costs and as demand for its petroleum products has been particularly brisk.

Shipbuilding companies featured on the strength of their involvement in aircraft manufacturing. A reported shortage of aircraft has raised expectations of increased business for these companies.

Ishikawajima-Harima Industries, which has an overwhelming 70 per cent of the domestic market in jet engines, added Y50 to Y1,240.

Kawasaki Heavy Industries, second in volume terms with 32.9m shares, rose Y40 to Y1,100. Fuji Heavy, which was third on the volumes list with 22.5m shares, also increased Y30 to Y1,040.

Hitachi Zosen firmed because of rising demand for ships and on its restructuring efforts which have led it into leisure and resort businesses. Hitachi climbed Y21 to Y871.

Toshiba, the high-technology electrical company, was the most actively traded stock with 45.2m shares, closing unchanged at Y1,360.

In Osaka the OSE average posted a substantial gain of 199.62 to finish at 33,078.73. Volume was still moderate, but higher than Tuesday at 74.9m shares, against 62.8m.

Nintendo, the maker of video computer games, surged Y600 to Y10,600 on expectations of higher pre-tax earnings prospects. The company's profits were also thought likely to increase further when it launches a family computer stock trading system.

SOUTH AFRICA

THIN and trendless trading left share prices mixed in Johannesburg. The outstanding features were Minorco and Consolidated Gold Fields, following news that Minorco had given up its hostile bid for Gold Fields. The former rose R2.50 to R51 and the latter fell R6.75 to R81.25.

Roundup

CONTINUING unrest in China knocked Hong Kong share prices, but Australia benefited from a slide in the local dollar and gained ground.

HONG KONG dropped by more than 1 per cent on concern over growing public support for the continuing student protests in Peking.

The Hang Seng index lost 43.09 to 3,246.41, a fall of 1.3 per cent. Volumes slipped to HK$1bn from Tuesday's HK$1.5bn, as international investors and domestic institutions stayed on the sidelines.

AUSTRALIA took heart from the weaker Australian dollar, which fell by almost 1 US cent to 76.3 cents in early trade, encouraging overseas demand.

News Corp rose 10 cents to A$13.50 and Brambles added 30 cents to A$13.25. BTR Nylex jumped 19 cents to A$5.14 on speculation that its UK parent might be planning a takeover.

Hooker Corp picked up 2 cents to A$1.65 amid talk that it is negotiating a sale of its 18 per cent stake in Hooker Property Trust, which found 1 cent to 92 cents. Newmont fell 5 cents to 80 cents on news of the failure of Minorco's bid for Consolidated Gold Fields.

The All Ordinaries index rose 4.3 to 1,561.6 and turnover reached 104m shares worth A$258m.

SINGAPORE ended higher in spite of profit-taking, with the Straits Times industrial index adding 6.54 to another post-crash peak of 1,310.02 on continued institutional demand for blue chips. Matsushita led the gains, rising 35 cents to S$7.55

EUROPE

Late buying counters interest rate concern

LEADING European bourses were raised off their lows by late demand yesterday, although interest rate worries persisted, while the smaller markets moved independently to new peaks, *writes Our Markets Staff.*

FRANKFURT was lifted in the final 45 minutes of trading, with a run by steel stock Thyssen, after share prices had eased earlier in the session. "It was a reasonably firm day spurred by steels," said one analyst.

The DAX index gained 5.89 to 1,345.64, while the midsession FAZ index was 0.19 lower at 563.41. Turnover was higher than Tuesday's but still reasonably low, with 3.66bn German shares traded.

The analyst said the market remained "fairly wary" about a possible rise in interest rates, with the Bundesbank meeting today. The continuing firm dollar had not helped sentiment.

Thyssen jumped DM8.30, or 3.5 per cent, to DM246.30. It is due to report results next week and rumours suggest that profits may have doubled. The company said last week that its first half results had been very good. Steel sector share prices have been lagging.

Karstadt, the retailer, performed well, rising above its resistance level of DM500. It closed DM9.50 higher at DM508.

PKI, the telecommunications company, remained suspended for a second day at DM693. It said Allgemeine Philips Industrie, which owns up to 79 per cent of PKI and is a subsidiary of Dutch electronics group Philips, was offering DM500 a share to remaining shareholders or a guaranteed dividend of DM19.50 a share for five years.

PARIS spent the morning waiting for the US trade deficit figures and, once they were out, switched its concern back to the possibility of higher West German interest rates.

Fears that a German rates rise will mean increased domestic rates kept many investors out of the market and volumes were pegged at a relatively low FFr1.6bn. The CAC 40 index dropped 10.89 to 1,655.90 while the OMF 50 index fell 2.64 to 475.21.

Among individual stocks, both Bouygues and LVMH saw profit-taking. Bouygues lost about 4 per cent before regaining some ground to end FFr16 lower at FFr624 after news of Mr Silvio Berlusconi's 2 per cent agreed stake.

LVMH fell FFr55 to FFr3,970 on selling by small investors who felt the speculative element was no longer in the stock because they believed that Mr Bernard Arnault, the chairman, had won control of the luxury goods group. However, one analyst pointed out that a rearguard legal action by individual investors contesting Mr Arnault's purchase of warrants – which gave him a blocking voting minority – could reintroduce some speculative trading.

Elf Aquitaine picked up 50 centimes to FFr489 on reports of the appointment of Mr Loik Le Floch Prigent as chairman.

MADRID edged to an 1989 high amid some concern over the inflation figure for April, due today. The general index rose 0.06 to 303.99.

Analysts expect last month's domestic inflation rate to rise by between 0.3 and 0.4 per cent compared with a drop of 0.3 per cent in April last year.

Newly-privatised Repsol saw more selling yesterday, falling 6.25 points to 405.12 of par. Telefonica, reporting 8 per cent higher first quarter profits, rose 1.25 to 184.25.

MILAN moved higher as the June trading account began. The market was more forward looking than of late, said one analyst, as it put behind it events such as the recent broker insolvencies. Turnover was estimated at a moderate L200bn worth of shares.

Montedison, the chemicals group, picked up L25 to L2,155 after the previous day's sharply higher annual results.

The Comit index gained 4.25 to 607.01.

STOCKHOLM reached another all-time high. The session started mixed but gained strength later. Volume was SKr291m and the Affärsvärlden index rose 4.1 to 1,150.1.

Ericsson, the telecommunications group which reported a sharp rise in profits on Tuesday, continued its rise, with free B shares up SKr3 at SKr476 on foreign interest.

Volvo free B shares climbed SKr8 to SKr475 before first quarter results today. Saab free B shares added SKr6 to SKr240.

HELSINKI recorded its fourth successive rise as the Unitas all-share index crept up 0.5 to 799.1.

Turnover reached FM202m, but most of this was in one deal in restricted shares of the WSOY publishing company. Free shares accounted for FM13.1m of business.

Pohjola A shares fell FM5 to FM295 following the passage of a draft law on Tuesday limiting foreign ownership of insurance companies.

Tampella, the metal and forests group, was suspended at Tuesday's close of FM147. It said it was buying some US mining equipment operations.

BRUSSELS ended on a record high for the second time this week powered by bullish corporate results and with investors shrugging off a rise in key Belgian interest rates. The cash index closed up 16.97 at 6,068.09.

Oil group Petrofina rose BFr225 to BFr13,800 with 19,560 shares changing hands.

AMSTERDAM had a quiet day, overshadowed by fears of interest rate rises. The CBS tendency index lost 1.6 to 175.7.

Fokker, the aircraft maker, lost Fl 1.20 to Fl 40.80. It published its annual report yesterday, predicting a improvement in results for 1989.

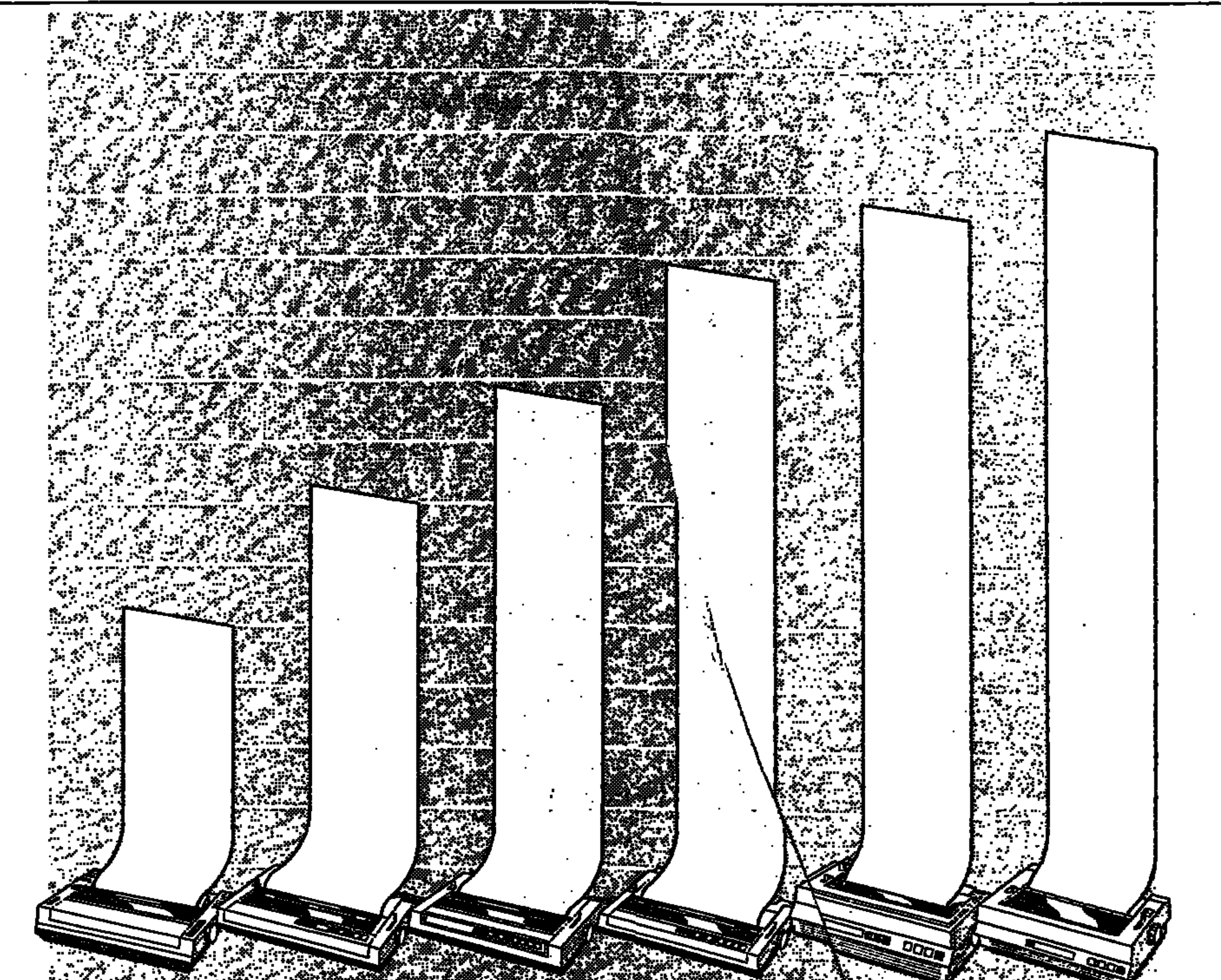
ZURICH languished again, losing ground on interest rate worries and losing 5.3 to 556.3 on the Crédit Suisse index.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MAY 17 1989						TUESDAY MAY 16 1989			DOLLAR INDEX		
Figures in parentheses *show number of stocks* per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (89)	135.48	−1.4	124.53	118.99	+0.5	4.68	137.43	124.27	118.37	157.12	128.28	125.07
Austria (19)	118.42	−2.2	108.84	121.19	−0.6	2.13	121.05	109.47	121.90	124.16	92.84	88.19
Belgium (63)	130.48	−1.1	119.93	133.05	+0.4	4.09	131.91	119.29	132.56	137.10	128.52	124.11
Canada (125)	137.20	−0.1	126.10	118.47	+0.3	3.34	137.28	124.14	118.14	137.28	124.67	116.12
Denmark (38)	175.99	−1.6	161.76	183.83	−0.1	1.83	178.87	161.75	183.98	181.03	165.35	122.86
Finland (26)	147.29	−0.6	135.38	133.32	−0.6	1.57	148.22	134.03	134.16	159.16	125.81	130.45
France (130)	113.37	−2.2	104.20	118.84	−0.6	3.16	115.92	104.82	119.55	122.79	112.57	87.52
West Germany (100)	80.92	−1.2	74.37	83.00	+0.3	2.42	81.87	74.03	82.72	90.40	80.92	74.40
Hong Kong (49)	137.50	−1.4	126.38	137.23	−1.4	3.93	139.51	126.16	139.25	140.33	111.80	100.31
Ireland (17)	141.30	−1.9	129.87	146.72	−0.4	2.87	144.03	130.24	147.33	151.36	125.00	124.39
Italy (98)	77.10	−1.1	70.87	82.73	+0.5	2.60	77.98	70.51	82.34	86.88	77.10	72.47
Japan (455)	183.54	−1.3	168.70	161.55	+0.1	0.47	185.92	168.13	161.38	200.11	180.30	173.93
Malaysia (36)	183.21	−0.3	168.39	189.77	−0.3	2.51	183.70	166.11	190.42	183.70	143.35	132.21
Mexico (13)	186.47	+1.1	171.39	501.22	+1.7	1.01	184.39	166.74	493.02	186.47	153.32	140.20
Netherland (42)	112.54	−2.1	103.44	114.23	−0.6	4.52	114.94	103.94	114.89	122.22	110.63	103.64
New Zealand (24)	69.68	−1.7	64.05	61.41	−0.7	5.96	70.92	64.13	61.83	76.02	66.84	77.76
Norway (26)	181.46	−1.6	166.78	175.30	+0.0	1.52	184.37	166.72	175.30	198.39	139.92	118.57
Singapore (26)	159.80	−0.3	146.88	145.00	+0.0	1.87	160.35	145.00	145.05	160.35	124.57	112.45
South Africa (60)	133.32	−2.2	122.54	121.46	−1.2	4.31	136.35	123.30	122.91	144.86	115.35	124.73
Spain (43)	147.75	−2.0	135.81	137.90	−0.1	3.62	150.80	136.37	138.06	156.17	143.14	150.25
Sweden (35)	154.94	−1.0	142.41	152.59	+0.4	2.25	156.57	141.58	152.05	162.00	138.45	122.27
Switzerland (57)	69.18	−2.4	63.58	75.65	−0.8	2.45	70.86	64.08	76.26	79.76	69.18	76.37
United Kingdom (314)	144.14	−0.8	132.48	132.48	+0.8	4.32	145.30	131.39	131.39	153.33	134.53	137.55
USA (558)	129.36	+0.7	118.90	129.36	+0.7	3.45	128.50	116.21	128.50	129.36	112.13	102.49
Europe (1008)	115.21	−1.3	105.90	112.70	+0.3	3.60	116.70	105.53	112.35	121.70	114.02	106.84
Nordic (125)	151.18	−1.2	138.96	145.68	+0.1	1.96	153.09	138.44	145.59	155.61	137.95	113.89
Pacific Basin (679)	179.57	−1.3	165.05	158.50	+0.1	0.63	181.91	164.50	158.35	194.72	176.37	169.13
Euro – Pacific (1687)	153.83	−1.3	141.40	140.26	+0.2	1.58	155.84	140.92	140.03	164.22	152.83	144.22
North America (683)	129.74	+0.6	119.25	128.69	+0.6	3.45	128.94	116.60	127.87	129.74	112.79	103.22
Europe Ex. UK (694)	97.36	−1.7	89.49	100.44	−0.1	3.00	99.01	89.53	100.55	105.29	97.36	87.84
Pacific Ex. Japan (224)	131.87	−1.3	121.21	120.01	−0.3	4.21	133.64	120.85	120.37	137.65	123.48	111.34
World Ex. US (1885)	153.07	−1.3	140.70	139.49	+0.2	1.65	155.01	140.18	139.27	162.77	152.04	143.05
World Ex. UK (2129)	143.53	−0.6	131.92	136.38	+0.3	2.03	144.42	130.60	136.02	146.04	138.06	126.44
World Ex. So. Af. (2383)	143.63	−0.6	132.02	136.10	+0.3	2.22	144.54	130.70	135.66	146.65	138.82	127.43
World Ex. Japan (1988)	124.53	−0.2	114.46	122.83	+0.5	3.54	124.72	112.79	122.26	125.06	114.51	105.06
The World Index (2443)	143.56	−0.6	131.96	136.00	+0.3	2.24	144.49	130.66	135.57	146.51	138.83	127.41

Norway closed May 17.
Constituent changes:(17/5/89):Deletions: Redpath Inds.(Canada).NEI (UK) and Emhart (US).



ACCOUNTANCY COLUMN

High noon clash for firms and regulators

By Richard Waters

THE profession's regulators are involved in a head-on clash with some of the largest accountancy firms in what is likely to lead to one of the biggest showdowns between the two camps for years.

The dispute revolves around the ability of the large accountancy groups to develop in whatever ways they see fit. Having very successfully expanded into a range of services over the last decade, they are not used to having their wings clipped and do not like it when it happens.

The dispute involves the giving of corporate finance advice. The Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Chartered Accountants of Scotland (ICAS) set up a working party last year to consider what accountants should be allowed to do.

This followed concern at their growing involvement in areas where they acted as advisers in deals and attacked the accounts of companies involved in hostile takeovers.

The working party's conclusions, which have not yet been published, are that accountancy firms should not be restricted, except in one way: they should not advise on a public company merger or takeover if they audit both of the companies concerned. The ICAEW's council has voted on and agreed to this, while the ICAS council has suspended judgment to allow more time for the issue to be considered.

Deloitte Haskins & Sells, which is fast making a name for itself as the accountancy firm with the greatest ambitions in the corporate finance market, is understood to be more upset about this than most. Others, such as Arthur Young and Robson Rhodes, also object to having their activities restricted in this way.

They all protest noisily that they are alert to possible conflicts of interest and loss of independence and do not need the institute to tell them where to draw the line. Chinese walls can take care of the potential conflicts (after all, such walls must already exist to enable auditors to work for more than one company in the same industry).

They point out that the Takeover Panel already regulates financial advisers in takeovers. One angry corporate financier said: "The institute is setting itself up above what I consider to be the leading self-regulatory body in the country. It's in restraint of our business, and unnecessary."

The only other recent example of a clash between the institute and the large firms was four years ago, when Coopers & Lybrand was ticked off for producing a full page newspaper advertisement (only quarter page ads were allowed at the time). Coopers' feathers were ruffled by this — and the institute dropped its advertising restrictions shortly afterwards.

It will be interesting to see how long it manages to hold out against Deloitte *et al* this time round.

******

THE LATEST from that grand soap opera of accounting, the brand accounting debate, is that the accountants are preparing to back down (they put up a passable impression of a fight at the start of the year).

It will be recalled that the accountants on the whole do not like the idea of brand accounting but have only one effective weapon against it. By forcing companies which revalue intangibles, such as brands, to show any decreases in value through their profit and loss account, they would effectively stop people putting brands in their balance sheets.

After all, finance directors tend to be more concerned about their earnings per share than their gearing (which is becoming a discredited notion anyway).

The Accounting Standards Committee has already said that there should be a "rebuttable presumption" that brands fall in value and so should be depreciated against profits. However, any finance director who cannot rebut that presumption is simply not worth his salt.

The Accounting Standards Committee (ASC) is considering a paper which would let companies off the hook in another way. It makes the distinction between two cases where an asset falls in value.

In the first case, where there is a "permanent diminution in value," the cost would have to be taken through the profit and loss account. This appears to be the intent of schedule four, paragraph 34(1) of the Companies Act, and is the Department of Trade and Industry's view. Result: a hit to profits.

In the second case, where there is a "downwards revaluation," the cost goes through the revaluation reserve. Result: no impact on profits.

On close inspection, the distinction is a bizarre one. As a member of the ASC says: "There is no philosophical difference between the two."

No prizes for guessing which approach any company facing a write-down would prefer to adopt. Auditors trying to force companies to take the costs through their profit and loss would face an impossible task.

That has much wider application than just brand accounting: it affects all fixed assets. The thinking comes in an unpublished ASC paper on the accounting treatment of fixed assets, be they tangible or intangible, which it hopes to publish this summer.

A forthcoming publication from Arthur Young's technical department, Generally Accepted Accounting Practice in the UK, due to be published by Longmans next month, makes the point that there is a variety of ways of accounting for write-downs at the moment. Not much will change if the ASC carries on along its current path.

Survey finds regional shortage

A SURVEY sponsored by Arthur Young, which is to be published today, shows that regionally-based companies can get as much accountancy and legal advice locally as they want but not corporate finance help, writes Richard Waters.

This will no doubt encourage the accountants to push further into this market.

The survey also reveals worries about the drift southwards of a growing number of companies with 70 per cent of companies in the North West, Scotland and Yorkshire saying that they are "very concerned."

One result of the drift, warns Arthur Young, is that the regions will no longer be able to support professionals such as accountants and lawyers.

Mr Gordon Anderson, chairman, said: "They're losing the need for a financial and professional infrastructure. The losers will be small companies looking for help."

COMPANIES' VIEWS ON AVAILABILITY OF PROFESSIONAL SERVICES OUTSIDE SOUTH-EAST (%)

	Legal	Corporate finance	Accountancy
Expectation	83	38	83
Currently available	83	19	92

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c£35,000 plus car and 20% bonus **Berkshire**

Our client is a company which designs and develops hardware and software for PC based communications systems. The business is fast moving, high volume and has substantial and proven growth potential. The Company has sound financial backing and has established trading arrangements with leading OEM's at home and overseas. It is anticipated that turnover will be £13 million in 1989.

The General Manager, supported by a small team, will be responsible to the Chief Executive for all contracts management, finance and administration matters. You will take a full and active part in the control of the Company's affairs. In particular, you will set up computerised financial systems, establish first class management accounting procedures and advise on management of funds. You will also be required to undertake negotiations and advise on financial aspects of contracts – including minimisation of foreign exchange risks.

Candidates, aged 30-40 years, must be qualified accountants – ideally, with management experience in an IT company. The successful candidate will also have demonstrable experience in developing, installing and managing computerised financial and control systems.

Attractive benefits include a 2 litre car, bonus, private health cover, life insurance and equity participation. There are excellent prospects for career development and early promotion to a directorship is anticipated.

Please send your CV to Richard Brasher at the Maidenhead address below or telephone for an informal discussion.

MKA EXECUTIVE SEARCH
AND SELECTION LIMITED
MKA House King Street
Maidenhead Berks SL6 1EF
Tel: (0628) 75956

MKA

Maidenhead, London, Worcester

Chief Financial Accountant

£Neg + Car & Benefits Brentwood/Essex

We are one of the leading international fund management groups with over £6 billion under management. Due to our increasing business in Unit Trusts, which now exceeds £800 million, we are seeking to appoint a Chief Financial Accountant. Reporting to/deputising for the Financial Controller, your duties will encompass:

- ☐ *Managing staff involved in the maintenance and reconciliation of general ledgers*
- ☐ *Preparation and analysis of monthly Management Accounts*
- ☐ *Preparation of statutory and regulatory accounts*
- ☐ *Dealing with all aspects of corporation tax and VAT*

To meet this demanding role, you're a qualified A.C.A. or A.C.C.A., probably aged 25-30. The position requires sound technical ability combined with a critical analytical approach. Experience in Financial Services, where you have had similar responsibilities, or are ready for promotion to this level, would be an advantage.

If you meet our requirements, please apply with CV to Lois McLean, Personnel, Gartmore Investment Ltd, Gartmore House, P.O. Box 65, 16-18 Monument St, London EC3R 8QQ. Tel 01-782 2513.

Gartmore

VARIETY, RESPONSIBILITY, EXPERIENCE

Hampton Court **c£25,000 + car**

In 1988 our clients obtained significant venture capital. Through a series of acquisitions they have become a major international player in their service industry with turnover exceeding £50m.

A recently young Chartered Accountant is now offered an exciting role at the small corporate head office. The position will embrace the analysis of results, the development of reporting systems and the control of cash. A flexible approach is essential as projects do occur at short notice – involving some overseas travel.

The rapid expansion and future plans of the group will provide further challenge and responsibility. A second European language could be advantageous but the ability to develop in a fast moving environment will be essential.

Please write enclosing a career/salary history and daytime telephone number to John P. Sleigh FCCA quoting reference J/827/VF

LLOYD MANAGEMENT

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

Assistant Financial Director

c. £35,000 **Central Scotland**

Rapid growth creates the need to reallocate duties at top level in the finance function of this £250 million division, part of a large corporation with European-wide interests in distribution and retailing.

This new role responds to the Financial Director and, with a staff of eighty, assumes control of all accounting, financial and reporting activities. The immediate task is to consolidate and to prepare for further business growth.

The requirement is for a qualified accountant, CA or ACMA, with a record of success in financial management within a large well-organised group or company. Sound MIS knowledge and well-developed management skills are essential, while experience of financial control in large scale, *multi-unit computerised* businesses would be helpful.

Age: Around 35. Salary: Negotiable around £35,000.

Please reply in complete confidence to Peter Craigie as adviser to the Group:
Arthur Young, Corporate Resourcing,
17 Abercromby Place, Edinburgh EH3 6LT.

Arthur Young Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

هكذا من الأصل

Major Professional Firm

Financial Controller

City *circa £40,000 + benefits*

Our client is a major firm of Solicitors based in prestigious new offices in the City of London. Following significant expansion the firm is now a multi-million pound business with more than 250 staff.

As Financial Controller you will head the Accounts Function and develop its capability to support the growing business. Reporting to the Director of Administration, you will be responsible for providing a standard of accounting which matches the quality of the legal services that the firm provides for its clients.

You will be a Qualified Accountant with a good track record, and have the technical competence necessary to develop a sophisticated management information system, as well as a proven ability to manage and motivate an accounts department.

Your personal qualities will include maturity, tact – and a sense of humour. In addition you will enjoy the City environment and have a commitment which will ensure that the quality of support is maintained at all times.

The excellent remuneration package includes a car scheme, permanent health insurance and membership of a private medical scheme.

Please reply to Alison Hawley in strict confidence with details of age, career and salary progression, and qualifications quoting reference 5222/FT/T on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Appointments Advertising Appears on Wednesday and Thursday

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HAMBRO □ COUNTRYWIDE □ PLC

Finance Director

Brentwood, Essex

c£50,000 + Bonus + Car

Hambro Countrywide plc is one of the country's leading listed estate agency and financial services groups with a turnover of over £120 million.

As a member of the Board and part of a small and committed Head Office team, the Finance Director will play a vital role in the strategic planning and continuing development of the Group, as well as ensuring tight financial and accounting controls and providing advice and support for the twenty or so operating subsidiaries. The role will be combined with that of Company Secretary.

The successful applicant will probably have come from a relevant background in the financial services sector or a service industry. As well as having a thorough technical grounding in accounting, taxation and related areas, he/she will have demonstrated the ability to contribute strategically at a senior level and have the flexibility to successfully manage the accounting functions of a diversified and autonomously run group of companies.

Hambro Countrywide is a market leader in a dynamic sector. This job represents a challenging opportunity to participate in its future growth and success.

Please telephone or write enclosing full curriculum vitae quoting ref. 325 to: Philip Cartwright FCMA, 97 Jermyn Street, London SW1Y 6JE. Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Two outstanding opportunities for market orientated accountants

Financial Controller

- International Group
- Manufacturing – Market Driven
- Rapid Growth
- Circa 30k + Car + Benefits – W. Midlands

Exceptional opportunity to join the central management team in the 2nd stage of a long term development project. A stimulating, modern work environment with the opportunity to grow with the company.

It is envisaged that the successful applicant would be capable of assuming Financial Directorship within two years.

They seek an outstanding candidate to assume full financial responsibility. You will be a qualified accountant, with a proven achievement – orientated record, with the ability to "make things happen" in a very dynamic environment. Strong in both planning and management accounting you should have familiarity with systems development.

Remuneration and benefits are as one would expect from an expanding international group.

Financial Controller

- Young, Dynamic
- International Group
- New Market Start-up
- 28k – Cheltenham

A rare opportunity exists to join an International Group who are about to launch a revolutionary promotional marketing product into Europe. This is a start-up, which offers the successful candidate the opportunity to play an integral role in developing a successful business as part of the central management team.

The person sought will be a qualified accountant, preferably ACA, who is young, dynamic and an opportunist. A high energy, go getting, team player who can add substantial value at a high level in a young dynamic environment.

There are exceptional growth plans for the next five years, and the candidate should be able to set up from scratch and grow rapidly with the business with total responsibility for the overall financial and accounts function. Proven skills, in cash management, systems, financial and management accounting are required.

For the committed candidate the expected rewards are exceptional.

For further information in strict confidence please telephone Warwick Holland on 01-240 1040 or 01-876 7898 in the evenings. If you prefer, forward a brief resumé to our London Office at 114, St. Martin's Lane, London WC2N 4AX, quoting reference number 5/579.

Morgan & Banks

Search and Selection P.L.C., 114 St Martin's Lane, WC2N 4AZ. Tel: (01) 240 1040. Fax: (01) 240 1052. Offices also in: Australia and New Zealand.

YOUR INVITATION TO ATTEND THE FIRST LIVERPOOL YOUNG ACCOUNTANTS *CAREERS FAIR*

Participating Organisations

Price Waterhouse · National & Provincial Building Society · Foden Trucks · Financial Training Courses · Crossley + Davis · BNFL · Royal Insurance · Accountancy Personnel *Placing Accountants First* · Guardian Royal Exchange

5pm and 8·30pm on Wednesday 24th May 1989

At The Britannia Adelphi Hotel, Ranelagh Place, Liverpool (Next to Lime St Station, Parking available nearby). Telephone 051 236 3530 for your invitation

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For further information contact your nearest A.P. North West office now.

Altrincham	Bolton	Chester	Liverpool	Manchester	Preston
061 926 8605	0204 27773	0244 350125	051 236 3530	061 834 9733	0772 555587

FELLOWES

FINANCIAL CONTROLLER

SOUTH YORKSHIRE **To £22,000+Car**

Our client represents the UK manufacturing arm of a significant international corporation. With a turnover exceeding £5 million, their complete financial and commercial autonomy has ensured an enviable growth record and product success. They now seek an energetic and experienced qualified accountant to control the finance function. Emphasis will be placed on investigative work and business planning to meet their long term strategic objectives. The position is viewed as a key appointment to their management team offering board potential.

For further information contact: Accountancy Personnel, 3rd Floor, Carmel House, Fargate, Sheffield S1 2HD. Tel: 0742 738775

amdahl

FINANCIAL ACCOUNTANT

HOUNSLOW **To £24,000+Car+Benefits**

Since their entry into the mainframe computer market in 1975, Amdahl have brought about a transformation through their commitment to innovation, research and development, service and support.

In line with their ongoing expansion, Amdahl are looking for a Qualified Accountant to manage their U.K. accounting activities. You must be in your late twenties to early thirties, with hands-on financial accounting experience and good man-management abilities.

For further information contact: Accountancy Personnel, Hodford House, Suite 24/25, 17-27 High St., Hounslow TW3 1TA. Tel: 01-570 1616

NEWLY/RECENTLY QUALIFIED ACCOUNTANT

W1 **£Neg & Excellent Package**

Acquisitive holding company with interest in property and financial services sector seeks a newly/recently qualified Accountant (ACA/ACCA) for Head Office role. Emphasis on inter-company reports covering cash flow analysis, budgetary control and consolidation of accounts.

Responsibility for monitoring and reviewing existing accounting procedures with presentation of recommendations for Board approval. Dynamic and energetic with good man-management and inter-personal skills, remuneration will reflect ability. Excellent prospects. Package includes car, BUPA, mortgage subsidy, profit share.

For further information contact: Accountancy Personnel, 108 Baker St., London W1M 1LA. Tel: 01-935 1493.

Accountancy Personnel
Placing Accountants First

Hays
A HAYS PERSONNEL SERVICES LIMITED COMPANY

Group Financial Planning Manager

c£24,000 + Car **West Midlands**

Over recent years changes in Building Society legislation coupled with innovative and dynamic management have enabled Birmingham Midshires to emerge as a leading force in the rapidly expanding financial services sector.

Following significant expansion of the core business and diversification into new product areas, including insurance and Estate Agency, a new group structure is emerging.

A structure in which the need for all divisions to respond rapidly to changes in the market is essential. It will be your responsibility, through effective planning and predictions to ensure the correct adjustments are made.

With your small, highly competent team of qualified accountants you will advise Senior Management and The Board on the development of the group.

An experienced Accountant with expertise in financial modelling, and appraisal techniques, you must have in-depth knowledge of the Building Society market. An innovative and lateral thinker you are likely to have a minimum of 5 years relevant experience gained in a medium/large organisation.

A salary as stated, together with a wide range of benefits which include an immediate concessionary mortgage and relocation assistance are offered.

Please write, with a detailed CV, to: Philippa Harrison, Senior Personnel Officer, Birmingham Midshires Building Society, PO Box 81, 35-49 Lichfield Street, Wolverhampton WV1 1EL.

Birmingham Midshires Building Society

ITN

SYSTEMS ACCOUNTANT

Salary c: £25k + car + benefits

ITN Ltd are at the beginning of a major project to replace their existing accounting software. We are looking to appoint a recently qualified graduate accountant to speed the implementation process.

The succesful candidate is likelyto have had previous experience of a majorsystems implementation orcomputeraudittraining. He/she should have a strong desire to develop their existing experience of systems development in a fast moving and exciting environment.

As part of a professional and hardworking team the successful candidate will be involved in project planning and management, liaising with the accountancy staff, software suppliers and consultants. He/she should have strong interpersonal, analytical and communication skills. This is an ideal opportunity to be present at the beginning of a major systems project.

Applications including a full C.V. should be addressed to:
The Manager, Personnel and Industrial Relations,
Independent Television News,
ITN House, 48 Wells Street, London W1P 4DE.
Closing Date: 1st June, 1989
ITN is an equal opportunities employer.

Legal & General
an equal opportunities employer

Our client, Legal & General Group plc, is one of the country's outstanding providers of Insurance and Financial Services.

To keep pace with unprecedented business growth and recent promotions out of the department, Corporate Audit has a need for two qualified accountants to join its highly professional team.

CORPORATE AUDIT

A Springboard to Financial Management

£27,000 + bonus + car **Surrey**

Senior Corporate Auditors' activities extend well beyond classic audit roles – with input into the strategic development of audit operations within this major Group.

International assignments of short duration, or exchanges of 1–2 years, are possible to subsidiaries in Europe, USA and Australia.

Special project work is as varied and exciting as any on offer within the profession or similar consulting environment.

The Corporate Audit Group encourages job flexibility and self accountability – within a culture which is committed to training and career development. Audit has for some time provided a natural conduit to senior line financial management and will continue to do so.

If your skills and experience include substantial audit and investigative work and you are attracted by this kind of challenge, please send your CV or contact Lesley Harding, as adviser to the Company, for further information:

PHILIP JAMES & COMPANY
17 Thame Park Road,
Thame, Oxon, OX9 3XD.
Tel: 0844 21 7277
Fax: 0844 21 6419

Financial Controller

To provide strong financial leadership to an entrepreneurial high growth manufacturing company

LONDON To £35,000 + Car

Reporting to the Managing Director and part of the senior management team, you would be responsible for raising the quality and profile of the finance function during a period of sustained growth.

My client is successful in a fiercely competitive sector and continues to invest heavily in a range of automated equipment in order to maintain the company's competitive edge and high quality standards. There is also investment in a new generation of computer systems for which you will be expected to provide direction.

The overall task, however, is to change the nature of the finance function to one where it plays a constructive fully integrated role in all decision making.

We are therefore looking for an individual who in addition to their technical skills has a strong sense of purpose, well developed interpersonal and communication skills and who can quickly become a vital part of a team. Our target is a qualified accountant, probably in their early to mid 30's, whose experience has been gained in a progressively managed manufacturing company.

Employment conditions are of a high standard and include relocation assistance if required.

Applicants of either sex should apply in confidence to *Michael Johnson on (0962) 844242 (24-hour service)* or write to Johnson Wilson & Partners Ltd., Clarendon House, Hyde Street, Winchester, Hampshire. SO23 7DX quoting ref: 964

Johnson Wilson & Partners
Management Recruitment Consultants

Finance Manager

WEST END c£30,000 + CAR + BENEFITS

This autonomous and successful property subsidiary of a major international insurance and financial services group provides comprehensive development, investment and management services. It manages funds of over £1.5 billion and invests some £200 million annually in direct developments. The Company has achieved a record of exceptional investment performance by the effective combination of dynamic management and technical excellence. This opportunity will appeal to qualified accountants seeking considerable variety and positive participation in the continuing development of the business.

Reporting to the Chief Financial Officer you will be responsible for the mainstream finance function. Early tasks will include the further development of information systems to provide improved financial reporting to the senior management of the Company, the parent organisation, and investment fund managers. A network of 100 PCs is in place running a property management system; an accounting package has recently been installed.

You should be familiar with the management of staff and be able to demonstrate sound technical skills and well-developed business acumen. Initiative and enthusiasm are essential in addition to the interpersonal skills and professionalism to be of influence at senior levels. Previous hands-on experience of PC accounting applications in a dynamic commercial environment is important.

Please send résumés, including details of present remuneration and giving a daytime telephone number to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ, quoting reference AE556.

Executive Resourcing | Coopers & Lybrand

CAYMAN ISLANDS COMPANY MANAGEMENT

Largest independently owned insurance management company on Grand Cayman requires:

- SENIOR ADMINISTRATOR/ACCOUNT

To run a portfolio of insurance company clients. All aspects of company management from day to day routines to Board reporting are required of the applicant, who will be a qualified accountant of good appearance, self-motivated with the ability to work to deadlines with a minimum of supervision.

Insurance accounting experience would be an advantage although not essential as procedures in this specialist area would be learnt on the job.

Salary, depending on experience, within the range US$45,000 to US$50,000 plus benefits, tax free.

- PART QUALIFIED ACCOUNTANT

To assist with bookkeeping and accounting for insurance company clients with systems on IBM-PC's.

Salary, depending on experience, within the range US$30,000 to US$34,000 plus benefits, tax free.

Interviewing for these two positions will take place in London on June 5th and 6th.

To arrange for an interview contact:

Steven R. Butler, in Grand Cayman
Telephone 01-809-949-7823, note 6 hour time difference.

or write airmail:

Insurance Management Services, Ltd.
P.O. Box 1289, Grand Cayman
Cayman Islands, B.W.I.

Telefax no. (809) 949-8463

Group Finance Director

A new role with a progressive Group

South East **to £35,000 plus car**

Our client is a £40m engineering group, specialising in the heating, ventilation and air conditioning sector. Eight sites, two on the Continent, are engaged in a range of activities from the design and manufacture of £1m+ bespoke installations, to the supply of high-volume engineered components for more general applications. The group is profitable and growing strongly, but the Board of Directors now wish to appoint a Group Finance Director to help lay the foundations for the future.

There are specific functional challenges in terms of enhancing the existing accounting and control systems, introducing more formal business planning and capital expenditure review procedures etc., *but the successful applicant will also* be expected to make a significant contribution to the general strategy, the managerial processes and the commercial development of the business.

Candidates, probably aged 35-45, must be of degree-calibre and have several years' post-qualification experience in a contract-orientated, engineering or capital goods environment. They must be able to demonstrate substantial experience of operational financial and systems management, and possess the appropriate personal qualities to make an effective contribution both within and beyond the group.

The initial remuneration is expected to be in the range £30-£35,000. The group will provide a full range of benefits including car and relocation assistance if required. To apply, please send your c.v. or request an application form from Ross Monro, Theaker Monro, Regency Court, 62-66 Deansgate, Manchester, M3 2EN (061-832 0033) quoting reference 3604.

Theaker Monro
RECRUITMENT AND PERSONNEL CONSULTANTS
MANCHESTER · BIRMINGHAM · LONDON

Finance Director

Building Supplies

South East London **to £35,000 plus car**

This £25m company, part of a larger group, manufactures a diverse range of fast moving, quality products for the building and DIY sectors. Continuous investment in automated production equipment and new product lines has given it an enviable market position both at home and overseas.

There is currently an excellent opportunity for a top-flight Finance Director to take charge of the finance and systems functions of the company, and, through the Board, contribute broadly to the strategic direction and commercial development of the business.

You are probably in your thirties or early forties, a graduate with several years' post-qualification experience in a progressive manufacturing-based organisation. You will be totally proficient with computerised accounting and control systems, and able to oversee company wide systems development, company secretarial and administrative functions. You will be able to point to a track record of success in identifying and managing change, and possess the appropriate personal qualities to produce results.

The initial remuneration is expected to approach £35,000 plus car and usual benefits. Relocation assistance will be available if required. To apply, please send your c.v. or request an application form from Ross Monro, Theaker Monro, Regency Court, 62-66 Deansgate, Manchester, M3 2EN (061-832 0033) quoting reference 3605.

Theaker Monro
RECRUITMENT AND PERSONNEL CONSULTANTS
MANCHESTER · BIRMINGHAM · LONDON

PLANNING AND OPERATIONS MANAGER

A SENIOR STRATEGIC ROLE FOR A QUALIFIED ACCOUNTANT/MBA

SOLIHULL

3i is the world's largest source of venture capital. Through our UK regional network, we have funded businesses of all types and sizes, helping them to grow and prosper.

We apply similar vision and initiative to the management and development of our own business and this key role, centrally based at our offices in *Solihull, has a significant influence in the operational* control and planned expansion of 3i regions.

Essentially, you will provide comprehensive and timely management information to support and guide decision making at senior management level. You will monitor performance, identify trends, provide regular reports and forecasts and seek out means of improving performance and efficiency – particularly through computer technology.

The need is for a young and high calibre individual with a blend of skills including numeracy, computer literacy, commercial acumen, the intellect and interpersonal skills to influence senior management and the qualities of leadership to manage a small team. A professionally qualified accountant and/or MBA, you will have the vision to contribute to strategic planning and the practical abilities to implement plans and procedures through regional management teams.

This is a highly visible position in a dynamic, innovative environment which encourages commercial creativity. The rewards will reflect your experience and potential. Salary is negotiable and a generous benefits package is offered including company car, low-interest mortgage, non-con-tributory pension, free medical cover and free lunches.

Please send your c.v. to Nicola Cass, 3i plc, 91 Waterloo Road, London SE1 8XP.

INVESTORS IN INDUSTRY

HEAD OF UK FINANCE

Publishing

c£40,000 + bonus + car

Our client, Longman, is one of the world's leading publishing groups and forms a significant part of the information and entertainment interests of the highly regarded Pearson plc. Expanding rapidly throughout its UK and international markets, the group is predicting an exciting future.

In a newly created position reporting to the Group Finance Director, the Head of UK Finance will control the finance function of the £75 million turnover UK publishing company and will be based in Harlow, Essex. His or her wide-ranging responsibilities will include management of a substantial staff, enhancement of sophisticated computer systems and participation in a range of group projects including acquisitions. A key responsibility will be the provision of both financial advice and commercial guidance to the company's varied publishing businesses.

In their mid 30s, applicants should be Chartered Accountants with broad commercial experience and proven line management skills. Experience in the publishing/communications industry would clearly be advantageous but is not essential – excellent interpersonal skills and commercial flair are.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/830/FJ.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

LLOYD MANAGEMENT

Financial Controller

South West **c£30,000 + Car**

Our client is a strategic multi-plant business with worldwide sales of approximately £50 million. As part of an international group, they wish to appoint a Financial Controller for their European operation, which is currently experiencing a significant and continuing export sales growth.

Reporting to the General Manager, the Controller will make a major contribution to the continuing development of the business. The preparation of short term forecasts and longer term business plans will be followed by the provision and interpretation of consolidated management and financial information. The monitoring of achievement in relation to set profit objectives, will be of vital importance.

In addition to controlling the full finance function, an active role in systems development and business controls, as well as increasing the overall level of financial awareness throughout the organisation, is expected.

The successful applicant will be a qualified accountant with a minimum of five years' industrial experience at middle management level within a process manufacturing environment. He/she will now be seeking significant career progression where proven communication and leadership skills can be utilised.

There are excellent prospects for advancement within this growing international marketing and manufacturing organisation. An impressive salary is supported by the usual large company benefits including: fully expensed executive car, private health insurance, contributory pension scheme and full relocation to the West Country, (where appropriate).

Interested applicants should write, enclosing a comprehensive CV to John Keefe,
Michael Page Finance,
29 St. Augustine's Parade,
Bristol BS1 4UL.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Highly Visible Opportunity Within Major Plc

FINANCE MANAGER

Age 28-32 **London** **£35,000+Bonus+Car**

Our client, part of a major Plc, is a highly entrepreneurial company, and a market leader in its field. Operating in the area of highly sophisticated marketing and information services, it employs the latest microcomputing technology and products, which are backed by a dedicated team of specialists. With the introduction of new products, and growth in existing services, the company's turnover of £10 million is projected to grow in the coming year by 25 per cent.

Against this background of growth the General Manager is seeking to appoint a No 1 finance person for the company, who will be supported by a Financial Controller and a staff of eight individuals, and be fully responsible for all financial and commercial issues affecting the company.

To be suitable for this highly commercial business environment you will be a graduate, qualified accountant, who has experience of working in a fast moving changing organisation. In addition you will be innovative, highly analytical, possess a strong affinity to systems, be able to exert strong financial controls, and possess the ability to work closely with financial and non-financial management.

If you can meet the challenge of this highly visible career opportunity, you should write, enclosing your current confidential resumé and salary details to Peter Flamminger, Director at FMS, 14 Cork Street, London W1X 1PE.

FMS
Search and Selection Specialists for Financial Management

Finance Director

Potters Bar, Herts — **To £40K Package + Car**

Our client is a £16 million turnover privately owned group operating in a niche market within the healthcare field supplying both consumable and capital goods to a diverse customer base.

The group operate in a highly competitive market and following an aggressive cost cutting and rationalisation exercise is trading at a healthy profit.

They are now seeking a highly motivated and energetic individual to take up the position of Finance Director for the group with a view to expanding the business into new and existing markets through organic growth and acquisition.

The successful applicant will be self motivated, positive, assertive and proactive in searching for improved methods of business management, as well as possessing very strong interpersonal skills.

The initial brief will be to:

* improve and develop the MIS
* improve the quality of advice to the board
* successfully restructure the finance function and raise its profile
* provide the key interface with city institutions
* provide an effective strategic planning system
* provide a high degree of input on all commercial aspects of the business.

The ideal candidate will be aged between 30-35, qualified ACMA/ACA/ACCA with experience in a retail, FMCG or similar environment.

Interested candidates should write to **John Zafar, Michael Page Finance, Centurion House, 136-142 London Road, St. Albans AL1 1SA.**

MP

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

MANAGEMENT & CORPORATE ACCOUNTING FOR EUROPE

c.£30k + car + benefits
Surrey

Our client, part of a US Fortune 500 corporation, is a world leader in the supply of electrical and electronic products. The substantial expansion in Europe means that the company must further strengthen its financial management team.

Management Accountant

Integration of European operations and the need to develop a new European P&L has created an opportunity for a qualified Accountant with at least seven years commercial experience.

Responsibilities will include the preparation of a monthly P&L forecast, a comprehensive European financial plan and a long range plan. Establishing new methods will require working closely with the European finance organisation in the essential need to achieve a fully-supported and collaborative result. The contribution clearly needs a hands-on involvement in which travel is a permanent feature.

A fully qualified CIMA, your experience will have been gained in manufacturing, ideally including a central reporting and advising role with a multi-site operation. Knowledge of US accounting procedures would be an asset, as would be a useable continental European language and financial systems capabilities.

Corporate Financial Accountant

Pan-European activities create new opportunities to increase profitability through treasury management. This role encompasses wide ranging responsibilities for the management of foreign exchange, insurances, capital appropriation, statutory reporting, tax and internal control systems —all on a European scale.

This is an excellent opportunity for an experienced, ambitious, qualified Accountant to further this experience in European treasury and, through the high profile of the role at board level, rapidly develop an international financial management career. Substantial travel would be involved and command of a second European language would be an asset.

The salaries of around £30,000 are enhanced by excellent benefits including a company car and relocation assistance, if appropriate.

Please telephone or send full career details to Paul Stafford,
Stafford Long and Partners Recruitment Limited,
17/19 Foley Street, London W1P 7LH.
Telephone: 01-436 7671.
Please quote reference: 5293.

Stafford Long & PARTNERS

Development Accountant

Building on Firm Foundations

London — **c£26,000 + car + benefits**

Our business is well known and our name synonymous with quality and high standards. Crucial to continuing success is our £400m turnover property development division. The business identifies potential sites and designs, plans and develops new stores, refits existing stores and accounts for the major capital outlay of the Group.

With expansionist plans, this division has a *high profile and its contribution to the future success* of the Group will be significant. The Development Accountant will join a small team providing a professional quasi consultancy service to develop financial and operational management systems, procedures and practices. The circumstances surrounding property development are constantly changing and responsibilities will include providing the cost and analysis control that is essential in measuring the effectiveness of changes in engineering and building specifications. Involvement will be at the highest levels in the company.

Candidates must be qualified accountants with *a minimum of three years post qualifying experience,* ideally gained in a project-orientated and fast moving environment. In addition to strong technical and analytical abilities, it is essential that the appointee has first class communication skills in order to gain immediate respect for their contribution. Energy, drive and enthusiasm will all aid success in the role.

For motivated and ambitious individuals excellent opportunities for progression exist both within the division and the group.

Please write with full cv to Jane Ralphs, Personnel Officer, J Sainsbury plc, Stamford House, Stamford Street, London SE1 9LL.

SAINSBURY'S

FINANCIAL DIRECTOR
EXCELLENT PROSPECTS

LONDON — **c £35K + CAR + BONUS**

Our client is a highly successful and internationally respected computer company with a progressive dynamic management force. Having recently embarked upon an exciting phase of expansion they have identified the need for an energetic and ambitious Financial Director with the commercial awareness and flair to increase the profitability of the company.

This key position is seen as critical to the future development of the business. The successful candidate will represent the company to Financial Institutions and will concentrate initially in the areas of Management Reporting and Budgeting, Treasury Management and Investment Appraisal, together with the Review of New Projects, Acquisitions and Expansion Plans.

The Company's managerial approach stresses individual responsibility and training and you will be responsible for managing a young and enthusiastic Finance Department.

If you are a qualified Chartered Accountant aged 35-45 with significant 'hands-on' experience in a distribution environment, of Corporate Finance acquisitions and flotations and you are interested in learning more about this challenging role, please write with extensive C.V. quoting Ref AFC/FT/2 to Paula Manning, Littlejohn Frazer, 2 Canary Wharf, London E14 9SY.

NEXT PLC

Leicester

Following a period of sustained growth which has seen group turnover increase to over £1.1 billion, Next PLC has identified four core activities to take the Group forward into the 1990's namely high street retailing, home shopping, financial services and property. To support this growth there is a need to strengthen the finance team, which has created two high profile roles in the Group Head Office.

Group Accounting Manager

c£28,000 + Car + Relocation

In addition to acquisition and disposal work, you will have primary responsibility for the production of the Group's published accounts. Experience of investigation work and the complexities of major consolidations is therefore essential.

It is envisaged that the successful candidate will currently be an assistant or first year audit manager with a major professional firm who is looking for a challenging move into industry.

Group Management Accountant

c£25,000 + Car + Relocation

Working primarily on management reporting, budgets and planning, this role involves substantial liaison with subsidiary companies and includes the appraisal of capital expenditure and disposals.

As a qualified accountant (ACMA or ACA) with at least three years' post qualification experience you will have head office experience, preferably in a budgeting/planning role, and possess initiative and an enquiring mind.

It is essential that you are a career minded individual who is prepared to relocate if necessary in the future, as it is envisaged that both positions will lead to promotion in the short to medium term.

Interested candidates should write enclosing a CV to **Paul MacIldowie ACA, Executive Division, Michael Page Finance, Imperial Building, Victoria Street, Nottingham NG1 2EX.**

MP

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▷Retail and Management Accountant

£25,000 neg + car — **London NW1**

With the success of famous brand names such as Smirnoff, J & B Rare, Bailey's, Gilbey's Gin, Le Piat D'Or, Croft and Malibu, International Distillers and Vintners is one of the world's largest wines and spirits operations. Constituting the major part of Grand Metropolitan's drink sector, IDV markets and develops leading brands in over 200 countries worldwide.

A qualified Accountant within IDV Export will take responsibility for the management and control of financial planning and accounting for JUSTERINI AND BROOKS a traditional Wine Merchants Business. This will involve the management of a small team of people and a position on the J & B Retail Management Committee. As a member of the IDV export team there will also be involvement in a wide range of project activities.

A knowledge of stock systems, possibly gained in a warehousing/distribution or retail environment would be a distinct advantage.

This role will appeal to someone from a CIMA/ACCA/ACA background, wishing to make a real impact on commercial decisions in a fast moving, marketing led environment.

For further information contact Carmel Mallon on 01-242 6321 (or 01-679 8039 out of office hours).

IDV

PERSONNEL RESOURCES

DIVISIONAL FINANCE DIRECTOR

Rural East Midlands — **Package c.£45,000 + Car**

This successful company is expanding by acquiring and building additional companies in its growing consumer products sector. To newly acquired companies, it brings excellent relationships with customers, technologically advanced production techniques and innovative product development. Already a significant player in its sector, it plans 50% growth this year with target sales of £85m. Its parent is a substantial public group which commands respect in the city for its track record and professionalism.

The Finance Director will work closely with the Managing Director on commercial strategy, business development and acquisitions. The person appointed will also be expected to evaluate and interpret the performance of the self accounting business units whilst providing their management teams with guidance and support.

The successful candidate is likely to be a graduate qualified accountant with a background of increasing responsibility in financial management in a large company. Ideally, you should combine experience in an operating company and in a divisional or head office environment. Commercial judgement, excellent interpersonal skills and a high energy level are essential to contribute in this demanding environment. Age indicator: mid/late thirties.

The package includes a base salary and performance related bonus. Full relocation assistance is available.

Please reply in confidence, giving concise career, personal and salary details to Heather Male, quoting Ref L390.

**Egor Executive Selection
58 St. James's Street,
London SW1A 1LD (01-629 8070)**

EGOR EXECUTIVE SELECTION

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Exciting opportunity in Paris ...
... for newly qualified accountant

c. £26,000 + bonus — **Major French Bank**

Our client is a top French banking group with a well-developed network of branches within France and throughout the world. It is currently setting up reporting systems to meet US and other international standards.

In order to meet the relevant reporting and regulatory requirements, a team is being formed to develop and implement an effective accounting strategy. Reporting to an assistant director, the successful candidate will lead this team and work initially alongside external consultants in formulating procedures and restructuring financial data to meet US GAAP standards for the headquarters and the 270 subsidiaries. The team will ultimately evolve into an independent business unit, additionally providing an international information service to external authorities.

Probably in their mid-20's, candidates should be graduate, qualified accountants – ideally ACA – with at least 2 years audit, and preferably some consolidation experience. A good understanding of US accounting principles, fluent English and a sound knowledge of French are all essential. An interest in micro-computers would be an advantage.

The remuneration package will include a competitive salary, negotiable according to experience, bonus and relocation assistance.

Please reply in confidence, giving concise career, personal and salary details to Patrick Reneleau, quoting Ref. 37/888 L.

**Egor Banques et Services,
35 rue de Ponthieu, 75008 Paris, France
Tel: (010 331) 42.89.26.64**

EGOR EXECUTIVE SELECTION

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Finance Director

SW London

c£40,000 + Bonus + Car

Our client is a major division within a top blue-chip UK consumer group. With a successful record to date that has made the organisation undisputedly a major force within its sector, an opportunity has now arisen to appoint a Finance Director. This division, located over five sites and with a production budget of £400m, covers the manufacture of a wide range of consumer products marketed with a particularly strong emphasis on achieving quality products within an efficient cost base.

Due to significant organisational changes occuring within the business it is vital that the Finance Director is able to integrate several diverse departments into an efficient and motivated team. The role will report to the Production Director and as a key member of the Senior Management team be responsible for satisfactory achievement of production targets in addition to the full range of financial controls, reporting and computerisation developments.

Candidates should ideally be qualified accountants aged 35-45 who have had financial experience in a company with a major production facility. Technical and managerial strength is essential as is the ability to be pro-active and work in a rapidly changing environment.

Please telephone or write enclosing full curriculum vitae quoting ref: 324 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

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Director of Finance

PACKAGE NEGOTIABLE TO £35,000 SW HERTS

A world-leader in its field, this well established and successful American corporation, provides market intelligence, consulting and financial services to the international investment community. Following the recent launch of its UK subsidiary, a competent and experienced financial manager is required to fully develop its embryonic finance and administration functions. The operation is viewed as a long term strategic investment as are developments into other lucrative European markets.

As a member of a small but highly motivated management team, you will be expected to make a significant contribution in driving forward the business through its early growth stages, determining financial objectives and be instrumental in the planning process. Initial requirements will include the implementation of accounting and information systems, with the objective of providing sound and timely management information for controlling and planning the commercial success of the operation.

A qualified accountant, probably in the age range 27-33, you must be able to demonstrate well developed commercial acumen in addition to sound technical skills. Ideally, you should have a background in the financial services sector, with experience of computerised financial and information systems. Knowledge of US accounting requirements would be a distinct advantage. As an individual, you must be a 'hands-on' and enthusiastic person, with the appropriate skills and personality to withstand the rigours of a new enterprise enjoying rapid growth.

Please reply in confidence enclosing a career résumé and quoting a daytime telephone number to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ, quoting reference AE557.

Executive Resourcing Coopers & Lybrand

INTERNATIONAL FMCG

South Midlands — to £28,000 + Car + Excellent Benefits

Our client, a US multinational and household name, is a world leader in its market related field and is fully committed to an ambitious growth plan, devised to move it into new product areas. This has created the opportunity for two outstanding accountants to make a significant contribution to the corporate objectives.

FINANCIAL ANALYSIS AND PLANNING MANAGER

As a key member of the management team, you will be responsible for the production, presentation and interpretation of business plans.

Additional duties will include the review of major investment projects and the evaluation of new product and business opportunities.

The role is exciting and diverse and the successful candidate must be able to perform in a highly pressurised environment.

FINANCIAL SYSTEMS MANAGER

This highly responsible role will require a talented individual to implement new financial packages and design accounting systems and procedures to successfully support implementation.

A key area of contribution will be to develop the financial and management reporting needs and to take responsibility for training finance staff in the use and application of packages.

Applications are invited from accountants with a minimum of three years' commercial experience who possess the ambition and determination to succeed in a dynamic company. The remuneration package includes an excellent base salary together with all the benefits associated with a large organisation. A comprehensive relocation package is also available. Interested applicants should phone Simon Moser today on 021-200 5800 between 8am and 10pm or write, enclosing a detailed CV, to the address below.

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RECRUITMENT CONSULTANTS
Berwick House 35 Livery Street Birmingham B3 2PB
Telephone: 021-200 5800 Fax: 021-200 5770

BE IN AT THE LAUNCH

TREASURY MANAGER
c £20k
+ mortgage subsidy

Sun Life of Canada are about to launch their new mortgage lending subsidiary – and are seeking its first Treasury Manager.

This is a unique opportunity to help establish and manage a dynamic new company in a group already with £22,000 million under management worldwide, and in a market set for expansion. Responsibilities will include assisting in establishing the treasury function and setting up information systems and then contributing to ensuring availability of funds, where to position the money book, and setting the mortgage rate.

You will probably be a young graduate with at least two years' experience within the corporate treasury department of a financial organisation. Our benefits package is excellent and includes mortgage subsidy, non-contributory group life and pension schemes, flexitime and free lunches.

Please send cv to:
Mrs S Hanington, Employment Adviser
Sun Life of Canada
Basing View, Basingstoke, Hampshire RG21 2DZ
Telephone: 0256 841414 Ext. 2058

SunLife of Canada

Recently Qualified Chartered Accountant

European Role

Aged 25-30 years — c£28,000 + Car

Our client is the European arm of a large international financial services group, wholly owned by one of the top USA multinational companies. They currently have ambitious plans for expansion both in Europe and beyond which will be achieved via a combination of acquisition and organic growth. To support this process, they wish to appoint a high calibre Chartered Accountant (or International equivalent) whose initial task will be to establish an Internal Audit function. This will require a rapid appraisal of operational matters and close liaison with the Corporate Audit Department in the USA. The role will give wide commercial exposure and is planned to lead to a line management position in the medium term. Location will initially be split between London and Copenhagen with regular travel to the USA and throughout Europe.

The successful candidate will demonstrate excellent analytical and communication skills, coupled with the ambition necessary to succeed within a changing and challenging environment.

The scope to develop within this role is excellent and will therefore suit an individual with a genuine interest in the developing European business theatre.

Interested candidates should contact **Charles Macleod, Financial Services Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000.**

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

TROUBLE SHOOTER

City — **package £32,000**

Qualified accountant, age 27-33, sought by major international finance company. Specific responsibility will be for systems development, involving close liaison with dealers, in Treasury products, money markets and foreign exchange. Ref: SML4417

DIVISIONAL FINANCIAL CONTROLLER

City — **£29,000 + car**

Highly reputed international service and distribution group seeks capable qualified accountant to oversee one of its most important divisions. Age 27-35, you must be able to contribute to the management team and control a dynamic department. Ref: JFH9528

CHIEF ACCOUNTANT

City — **to £26,000**

This vibrant media group has created a superb career role for a young qualified to cut his/her teeth in the business world. Initial responsibilities for financial management will rapidly be complemented by involvement in acquisitions and associated areas. Ref: CSM4976

FINANCIAL CONTROLLER

S.W. Essex — **c£25,000 + car**

Shirt-sleeves accountant sought by well-established services group. An autonomous part of a Plc, they anticipate contined growth and as a result can offer excellent prospects. Age 25-35, good general accountancy and staff management experience required. Ref: JFH4448

MANAGEMENT ACCOUNTANT

City — **£25,000 + benefits**

Prestigious UK merchant bank seeks a finalist/newly qualified accountant, aged 24-29, to control the management reporting of their operational profit centres. This position provides an excellent overview of their varied activities and superb career opportunities. Ref: HKM4186

To apply for these or other similar opportunities in London or South Essex please write to or phone

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Systems Development Accountant

c£25,000 + FINANCIAL SECTOR BENEFITS + CAR

Our client is recognised as one of the leaders in the booming financial market place; a position it retains by constantly developing its facilities and recruiting people with exceptional ability. An excellent opportunity currently exists within their Finance Department, based in London, for a highly ambitious individual.

As a qualified Accountant with experience of implementing computerised Accounting Systems – or alternatively having worked as an end user within a large company, preferably using MSA – you'll have gained the necessary experience for this position. Working with your staff in a team environment, it will be your responsibility to implement financial systems to approved existing requirements.

You will need initiative and good organisational abilities to prepare relevant documentation, procedure manuals and develop accurate management reporting information. Good communication skills are essential, as you'll conduct training sessions and liaise with other departments and external bodies associated with this important development.

In addition to excellent prospects for career development and an attractive salary, we offer a full range of benefits which include profit share, concessionary mortgage and relocation assistance where appropriate.

To apply please send a comprehensive c.v. to:
Clive Sexton, Juniper Woolf
Consulting Partners,
Gemini House, 180 Bermondsey
Street, London SE1 3TQ.

SEARCH & SELECTION · RECRUITMENT ADVERTISING

GROUP DIRECTOR – FINANCE

£70,000 p.a. plus bonus (tax free) and executive perks.

An important trading group in the Gulf with a turnover around US$1 billion has a vacancy for a Group Director – Finance. This expanding private company employs over 4,000 and operates globally with interests in banking, financial services, real estate, construction, manufacturing and trading. Its branded agencies include Toyota, Honda, Volvo and Hino vehicles, Seiko and Raymond Weil watches and National, Toshiba and Sanyo electronic equipment.

Reporting to, and working closely with the Group Managing Director, the Group Director – Finance will be a member of the Main Board and Group Executive Committee. Responsibilities will include all aspects of financial and management accounting, treasury, formulation of financial corporate strategy and the running of a sophisticated computer and management information services department.

Candidates are likely to be less than 50 years of age and will have a successful track-record in a similar role within a multi-national, multi-cultural trading organisation. Above all the position requires a forceful, pragmatic and analytical businessman who can contribute to the overall management of the Group. The job demands a strong commercial bent with the ability to identify essentials quickly and decisively.

The salary, which is around £70,000 p.a. plus bonus is tax free with a generous expatriate package including free accommodation, first class air travel and a company car.

Spencer Stuart, the firm of international management consultants assisting in this appointment, will be happy to provide further information.

Applications, including a comprehensive CV, should be addressed to Michael Holford, Spencer Stuart, Bridge House, Ashley Road, Hale, Cheshire, WA14 2UT.

Acquisitions/High Tech

ASSISTANT FINANCE DIRECTOR

SURREY, TO £45,000 PACKAGE + CAR & EQUITY PARTICIPATION

This new position is at the centre of a highly successful and fast expanding public Group providing diversified computer products and services. Turnover is approaching £30m this year. The Group's strategy of growth by acquisitions is a key development step, thus promising an invigorating and challenging time for the person appointed.

Reporting to the Group Finance Director, your major tasks will be to assist him with the identification, appraisal and subsequent purchase and integration of suitable companies into the Group. Other duties will include deputising for the Group Finance Director, group planning and analysis, performance reporting and systems development. The position has a high profile and as such you will quickly need to establish personal credibility with the senior management team for which the prospects for your own personal career development and wealth via equity participation are excellent.

You will be a qualified accountant, aged early 30's, with acquisitions or investigations experience, preferably within the high technology sector, and whereas technical competence is important your commercial abilities, drive and ambition to succeed are much more so.

Résumés please, including a daytime telephone number to Chris Haworth quoting ref: CH560, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

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FINANCIAL CONTROLLER
Legal Practice

London **to £35,000 + benefits**

This firm of London solicitors with a strong property bias has 25 partners. It has enjoyed consistent and substantial growth and has ambitious plans for the future.

It now requires a Financial Controller, a new position, to strengthen the management team, improve the flow of management information to the partners, develop existing systems and manage the accounts function. A team of six will report in.

You will be a qualified chartered accountant, preferably with a degree and probably aged 28-40. Experience must include systems development, staff management, and a strong management accounting background.

Ideally you will have worked in a professional partnership environment and you will be a practical and pragmatic individual who can combine the control of day-to-day functions with the ability to anticipate the future accounting needs of the practice.

Please send a comprehensive c.v. including salary history and daytime telephone number quoting ref 3029 to Bruce McKay, Executive Selection Division.

Touche Ross

Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB. Telephone: 01-353 7361.

TOMKINS

Group Taxation Manager (Designate)

London SW15 **c£35,000 + Share Options + Bonus + Car**

Tomkins is a broadly-based industrial management company which has grown rapidly from a turnover of £26 million in 1984 to a current turnover in excess of £500 million. Shareholders in Tomkins have benefited from a compound growth in earnings per share of 49% over the last six years. This has been achieved by selective acquisition from a diverse range of low-risk technology companies with unrealised potential.

An exceptional opportunity has arisen to join their small, widely experienced management team as Group Tax Manager (Designate). The role will encompass all aspects of UK and overseas corporate tax planning in connection with acquisitions, disposals, business reviews, international cash-flows and reorganisations. There will also be involvement with treasury matters and general financial/commercial management issues.

The successful candidate will be a graduate qualified accountant ideally at junior manager level with at least four years' PQE. You will display a high degree of commercial awareness and have demonstrated initiative and excellence in your current position. Strong interpersonal and communication skills are essential. You should be assertive with strong technical skills and a desire to put these to practical use within a dynamic commercial environment.

In the first instance please contact Graham King or Chris Nelson on 01-831 2000 (evenings/weekends on 01-556 6920) or write to them at Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH.

Strict confidentiality assured.

MP Michael Page Taxation
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Financial Controller

BEDFORD, £30,000 + BONUS + CAR

This highly successful plc., manufacturing and distributing building systems, bears a universally known and respected name both in the UK and overseas. Rapid growth is planned which will increase its £14 million turnover by both organic growth and acquisition. In addition to its manufacturing and distribution operations, both of which are highly computerised, the company has a rapidly expanding contracting operation.

As the Financial Director is concentrating his attention on expansion of the Group, particularly in Europe, there is the need to appoint a UK Financial Controller, whose immediate priority will be to upgrade the management information and control systems of the business so as to enable the company to control the expansion in its operations.

You will be around 30 years of age, qualified - preferably ACMA - experienced in manufacturing control systems and ideally having some experience in contracting. You should possess a hands on approach and will be expected to take a full part in the management of the company.

Please send CVs to John Elliott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT, quoting reference JE161.

Executive Resourcing | Coopers & Lybrand

Group Treasurer

Kent M25 **c.£32,500 + car + bonus**

Our client is a successful market leader in the manufacture of building materials in the UK and abroad. The Group is pursuing an active policy of growth, both organically and by acquisition, particularly overseas.

Based at Head Office, the Group Treasurer reports to the Finance Director. Managing a small team, you will be responsible for the complete Treasury function including the development of new procedures and techniques which could benefit the Group. Close contact with, and a detailed knowledge of, the money and foreign exchange markets is essential. Currency and interest rate swaps are used frequently.

You should be appropriately qualified, have had broad financial experience, be a positive decision-maker and able to play a significant role in a young, senior management team.

An excellent remuneration package, which includes a performance-linked bonus and benefits, is offered and career prospects are excellent within this expanding Group.

Please write, in strict confidence, enclosing all information relevant to your application including salary details, to Colin J. Hooker FCA, quoting Ref. 458.

DBA SEARCH & SELECTION

DBA Associates Limited
Clerks' Well House
19 Britton Street
London EC1M 5NQ
Tel: (01) 250 0003

QUALIFIED ACCOUNTANT
WITH MANAGEMENT ABILITY FOR STRATEGY, ANALYSIS AND DEVELOPMENT ROLE

Excellent Package & Car **Northamptonshire**

Continual rapid growth has brought many rewards with it to RS: the highest position in our market place, an extremely sound financial base and very exciting plans for future development.

The company is committed to efficient, yet progressive budgeting and cost controlled growth which has brought with it greater visibility for, and higher demands on, management accounting.

A confident, clear thinking Manager is now sought to direct and develop our management accounting operation. Reporting to the Director of Finance your role will be one *of strategy, analysis and commentary. We will expect you to look at long term development in* addition to ensuring classical management accounting tasks such as forecasts.

Already an experienced Manager your background will be in industry or commerce, preferably in fmcg or associated fields. A fully qualified accountant, you will also possess strong interpersonal skills and a solid track record of *achievement and success.*

Rewards are excellent. Salary will not be a prohibiting factor to the right candidate and your benefits will include a car and a very generous relocation package (incorporating house purchase scheme) to the Northamptonshire area.

Please forward your CV to Mr. I.A. Pringle, Personnel Manager, RS Components Limited, PO Box 99, Corby, Northants NN17 9RS. Please quote Vacancy Ref: V0049(R).

FOR FIFTY YEARS RS Components has led the UK market in the supply of electronic and electrical components. IN FIVE YEARS we have trebled our turnover to over £175 million. IN ONE DAY we undertake the processing of 12,000 customer orders. THIS IS A GOOD TIME TO JOIN RS.

RS
an electrocomponents company

AMBITIOUS YOUNG ACCOUNTANT
FOR NEW FINANCIAL CONTROL ROLE IN LEISURE INDUSTRY

West Midlands **£24-28K**
Age 25/32 **Package+Car**

Our client is a diverse and expanding leisure group with a turnover in excess of £150m. Its broad-ranging interests extend into hotels, catering, property and retailing. It has achieved sustained growth and an outstanding profit record over many years. With a strategy that includes both organic growth and selective acquisitions, the future looks very exciting. Within this fast moving environment, a qualified accountant with strong business and marketing skills is required.

Reporting to the Group Finance Director, your aim will be to strengthen the presentation and interpretation of the accounts and other management information for three distinct businesses, highlighting salient points and recommending appropriate action where necessary. As part of a small management team, you will also introduce more comprehensive business planning and rolling forecasts, as well as ensuring that strong financial controls are in place. Systems development and special ad hoc exercises will also feature.

To succeed in this position you will be an ambitious accountant, with a strong personality and an ability to communicate at all levels. You will be self motivated and have an appetite for hard work as your role will be both 'hands on' and commercially driven.

Please contact Lawrence Barnett at our Manchester office on 061-834 0618 or Chris Davis at our Liverpool office on 051-236 9373 quoting ref. MX115.

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Visnews, a member of the Reuter Group, is the world's largest international television news agency – supplying TV news daily to 425 television networks and stations in 84 countries.

Reporting to the Chief Accountant the successful applicant will be responsible for controlling the Company's Financial Accounts in a multi currency environment.

The brief includes responsibility for Purchase Ledger, Cash Office, Billing and Computer Operations and the development of these sections to keep pace with change in a rapidly evolving Company.

Applicants must be fully qualified accountants with up to five years experience, and be able to motivate and develop staff potential. A proven management track record gained in a commercial environment is essential.

Benefits include 5 weeks holiday, pension scheme with life assurance and participation in the Reuter SAYE share option scheme.

Please apply with full cv to: Gerry Williams, Group Personnel Manager, Visnews Ltd., Cumberland Avenue, Park Royal London NW10 7EH. Tel: 01-965 7733.

VISNEWS

COMMERCIAL CONTROLLER

£28,000 + Car

Central London

This worldwide marketing company is currently initiating rapid international expansion. A global media Group has recently acquired a controlling interest, and finance is therefore available not only to diversify product range but also to develop new markets. Within the UK, investment has already begun: new operational directors have been appointed to implement marketing strategies and acquisition plans.

A Commercial Controller is sought to provide support to the UK Managing Director. Controlling a small team, the brief is to turn ideas into business plans and to produce implementation proposals, whilst reporting to the head office in Italy and developing accounting systems. Restructuring will probably identify London as the North European head office.

The successful candidate will be a young qualified Accountant (25-30 and with c.2 years PQE) with well developed commercial instincts.

Please apply directly to Mark Ehrlich at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, evenings 01-556 3615. Alternatively, fax your details on 01-836 4942.

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MMI – MERGERS & ACQUISITIONS – SPAIN

MMI is active in Mergers and Acquisitions in the Spanish market with particular emphasis in the Food and Beverage, Engineering and Construction sectors. MMI's extensive knowledge of the Spanish market will be of interest to companies wishing to be advised on specific or general M&A opportunities within that country.

Detailed Memoranda on a number of acquisitions and joint venture opportunities in the sectors mentioned above are available and interested parties – principals only – should in the first instance contact: D. L. Leonard or P. S. Gore.

MMI Communications Group of Companies
London Office Tel: (03727) 29779 Fax: (03727) 45701

MMI

Smith & Nephew

Deputy Group Financial Controller

Central London **c£35,000 + Car**

Smith & Nephew plc. is a major multinational group engaged in the manufacture and sale of medical, healthcare and consumer products. With turnover in excess of £600 million and sales in almost every country in the world, their sights continue to be aimed at the identification and development of new opportunities in all global markets.

An exciting opportunity has arisen within the Corporate centre for a Deputy Group Financial Controller. Reporting to the Group Financial Controller you will be responsible for all aspects of group accounting and financial control in a decentralised international company. As a key member of the small central management team there will also be exposure to corporate finance, taxation and treasury issues.

This is a high profile position which represents a rare opportunity to enter a 'blue-chip' company at a senior level. There are clear opportunities for further career progression in the medium term.

Applicants aged 30-35 will be qualified accountants with a high level of technical expertise and a well-rounded commercial background who can demonstrate achievement in their career to date coupled with positive and well-developed interpersonal skills.

Interested candidates who meet these demanding requirements should telephone Collette Harrison on 01-831 2000 or write to her at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

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APPOINTMENTS WANTED

FREELANCE

FCA

City based(26 years). Available immediately for short or long term assignment.

Write box A1236,Financial Times,Number One,Southwark Bridge,London,SE1 9HL.

Group Financial Controller

Financial Services

c.£50,000 City

An excellent opportunity for a talented finance professional with strong controllership experience to take a central role in this blue chip financial services business.

THE COMPANY
- Well established financial services group.
- Successful growth achieved through acquisition; continued expansion planned.
- Diversified operations include securities, corporate finance and merchant banking.

THE POSITION
- Full responsibility for financial and management reporting, consolidation and forecasts.
- Broad remit covering financial accounting, management information, tax planning and treasury.
- Key task to assist in developing the finance function during a very challenging period of growth.

QUALIFICATIONS
- Chartered accountant, ideally a graduate, aged 30-40.
- Sound controllership experience, preferably gained in the financial services sector.
- Good personal presence and communication skills backed by strong commercial acumen.

THE REWARDS
- Excellent base salary with bonus potential and full banking benefits.
- Significant career opportunities in this growing business.

Please reply in writing, enclosing full cv, Reference H1948. 54 Jermyn St, London SW1Y 6LX.

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FINANCIAL CONTROLLER

OLDHAM FRANCE S.A.

ARRAS -FRANCE

OLDHAM FRANCE S.A. is a subsidiary of HAWKER SIDDELEY Group PLC manufacturing and selling industrial batteries and gas detection equipment from a modern factory complex in NORTHERN FRANCE. The company currently employs about 750 people and has enjoyed consistent growth for the past decade.

Continuing expansion has led to the creation of the function "Financial Controller" responsible for all aspects of costing, management accounting, monthly and annual reporting, budgets and consolidation of the Company's subsidiaries. The controller will report directly to the Financial Director and will head a team of four people.

Candidates should be young, qualified accountants preferably with some industrial experience. Basic knowledge of the French language is essential.

The Company offers an attractive starting salary, plus relocation expenses. ARRAS is an historic town situated in a pleasant rural environment. Housing is readily available and inexpensive. Career prospects are excellent.

Please send detailed CV together with photo and current salary to:

Chris SMITH FCA
OLDHAM FRANCE S.A.
BP 962 - 62033 ARRAS-CEDEX - FRANCE

All replies will be treated in the strictest confidence.

ASA International

International Corporate Review

M4 Corridor ***To £26,000+BMW***

Our client, one of Britain's top 100 companies, is a highly innovative and successful group. Through its dynamic management style, it has established itself as a global leader in the field of paper, plastics and distribution.

Widely favoured by City Analysts, turnover has more than trebled over the past four years with current annual sales in excess of £1,700 million.

In order to ensure the ongoing profitability and success of the Group, a high calibre team operates from the Corporate Headquarters carrying out wide-ranging and challenging assignments. These include the review and appraisal of worldwide information systems, controls and business operations, and working on a variety of ad hoc special investigations. The Group has an excellent record of developing and promoting team members within the worldwide organisation.

Due to recent promotions, there is a requirement for an additional member. Suitable candidates will be qualified Accountants, ACA/CIMA/ACCA, aged up to 28, with a commercial and enquiring mind and a desire to succeed within this demanding environment. There will be opportunities to travel to Australia, Europe, the Far East, USA and Latin America, and long term opportunities to work both in the UK and overseas.

For further details, please contact Elizabeth Lang at:

ASA International Limited, Recruitment Consultants
Ludgate House, 107-111 Fleet Street, London EC4A 2AB
Telephone: 01-353 1244 (evenings and weekends 01-733 2674)

ASA International ASA INTERNATIONAL

CORPORATE AND ACQUISITIONS ACCOUNTANT

N Yorks/ Durham Border **Age 25-30 £25-27K + Car**

Although our client is a substantial, long-established public group, it has recently redefined its corporate goals and set a new course to meet the demands of the 1990's. Driven by the enlightened management philosophy of a new, young board, its current ambitious expansion programme involves the development of highly profitable high-tech business areas - and notably strategic acquisitions.

Reporting directly to the Group Finance Director, your main responsibility will be the targeting of potential companies and their ultimate acquisition and incorporation into the Group. Not only will the appraisal of companies - their financial and management structure and their business prospects - be a test of technical and commercial skill, but face-to-face negotiations with directors, both in the UK and overseas will also demand a very high level of confidence, maturity and professional credibility.

The role will suit a young qualified accountant or MBA, possibly straight from the profession, but ideally already demonstrating a degree of success in a commercial accounting role in industry. Most important is a pro-active, quick-thinking, energetic working style, a keenness to learn and lots of potential - as the right candidate should be ready for promotion to a divisional financial directorship in about 2 years' time.

If you would like to be considered for this challenging, high-profile role, please contact Melinda Hughes at our Leeds office quoting ref. no. LD137.

ASB RECRUITMENT LTD

Quebec House, Quebec Street
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FINANCIAL CONTROLLER/ DIRECTOR DESIGNATE

Age late 20s or early 30s **Neg. circa £30,000 + car and benefits**

An international high technology engineering group wishes to appoint a financial controller/director designate to its U.K. company, based in the northern home counties. The U.K. company's principal activities are the engineering, sale, installation and service of plant manufactured by other divisions within the group in mainland Europe.

Candidates must be qualified accountants, in their late 20s or early 30s, and with the personality to form part of the management team negotiating contracts with leading U.K. companies. They should have experience of foreign currency management, and be capable of directing the installation of an IBM AS/400 series computer and of developing new control systems. Fluency in the German language would be an advantage.

An attractive remuneration package will be negotiated. This position will appeal to ambitious young qualified accountants seeking their first board level appointment.

Applications should be sent in confidence, giving full details of career to-date and of current remuneration, quoting ref. NR/8931, to Patrick Bailey, at:

246 Bishopsgate
London EC2M 4PB

NEVILLE RUSSELL
Management Consultants

PEGASUS GROUP plc

Finance Manager

with a major strategic role

Northamptonshire **c £25,000, fully expensed car, benefits**

Pegasus is well known in the business world for its market leading range of accounting software, and this remains the highly successful core of the business. The group is growing rapidly, through a series of strategic acquisitions, as well as organically.

This growth has created a new position in the software and supplies companies. The finance manager will play a key strategic role; you will be working with the managing directors and line managers to plan the development of the businesses, to produce and control financial plans, analyse and influence cash flow, and generally to act as financial advisor and guide.

You should have an accountancy qualification, and will have a background in management accounting; above all you will have a strong commercial bias and a well developed grasp of how a business operates, in order to join a demanding, highly successful and ambitious team of professionals, each with their own contribution to make.

Career prospects will develop with the company — rapidly.

Ref: 4106. Please forward a CV or ask for an application form from Charles Theaker, Theaker Monro, 2 Duke Street, Sutton Coldfield, West Midlands, B72 1RJ. Tel: 021-355 8969.

Theaker Monro
RECRUITMENT AND PERSONNEL CONSULTANTS
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Financial Controller

(Property Development)

Middlesex. **c. £32,000 plus fully expensed car**

This highly successful plc property developer has been building homes and flats throughout the Greater London area for more than twenty five years. Because their market sector is buoyant the company now seeks to strengthen the management team by the appointment of a high calibre Financial Controller.

Reporting to the Finance Director, the successful candidate will be responsible for the financial management of the company and become involved with business decisions and advise the Board accordingly.

Candidates, aged 28 to 35, should be qualified Accountants and well skilled in the use of computerised accounting systems and must have a positive personality with good communication skills. In return you can expect an excellent remuneration package including a fully expensed car and non-contributory pension scheme.

Interested applicants should send a comprehensive curriculum vitae enclosing details of current salary and a daytime telephone number to:–

Andrew Sales FCCA, (Ref 035)
Director
HODGSON IMPEY
SEARCH & SELECTION LIMITED
50 Pall Mall London, SW1Y 5JQ

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London | Knight Frank & Rutley | 01-629 8171

Central London
Excellent Salary/Benefits

Knight Frank & Rutley is seeking to appoint a qualified Chartered Accountant to supervise the preparation and control of the management accounting information for the partnership.

The successful candidate will report to the Chief Accountant and will have a sound professional, or service company background. He or she will demonstrate sound technical ability combined with a positive personality and a good understanding of computerised accounting systems.

Interested applicants should write, enclosing c.v. to Personnel Dept.

20 Hanover Square, London W1R 0AH.
55 offices in 5 continents.

Commercial Accounting

London **c. £27,000 + car**

Highly profitable PLC with an impressive growth record in the Television Broadcasting sector seeks an accountant who will be responsible to the Financial Controller for financial accounts, related systems development, cash management and technical monitoring of tax, legislation and accounting standards.

Candidates, probably aged 25-35, will be qualified as ACCA, ACA or ACMA with at least two years commercial experience, preferably in a service company. High technical competence, application and the ability to work under pressure are essential qualities.

For full details write in confidence to **W T Agar** at JC&P, 104 Marylebone Lane, London W1M 5FU, demonstrating your relevance clearly and quoting 2303/FT.

John Courtis & Partners
Search and Selection

FINANCE DIRECTOR - ENERGY CONSERVATION INDUSTRY

MANCHESTER **OVER £25,000 + car and equity**

A chance to become a key member of management in a company which, since formation, five years ago has become the acknowledged leader in its field.

Combined Power Systems Limited, has developed and produced the most technically advanced combined heat and power (C.H.P) unit. The market for independent power production is poised for explosive growth in the energy and environmental conscious 1990's.

The new position offers a unique opportunity to exert commercial influence with financial responsibility. There is also the the prospect of an equity option in the short term.

Combined Power System is looking for someone with expertise initiative, drive and enthusiasm. He or she will have proven accounting skills, the ability to develop corporate management information systems and the desire to become involved in all aspects of commercial and operational management.

If that is how you see yourself, then we look forward to receiving a letter from you enclosing a full C.V., and addressed to:

David Broadbent
Combined Power Systems Limited
PO Box 88
Sackville Street
Manchester M60 1QD

CENTAUR ENERGY-PACKS
BY COMBINED POWER SYSTEMS LTD

X

FINANCIAL CONTROLLER

Berkshire **c. £28,000 + car**

This high profile player in the competitive computer peripherals market is a subsidiary of an American multinational. The UK Sales & Marketing operation is set to double its turnover this year.

As a result of this drive for growth the Company now wishes to recruit a Financial Controller. Key areas of accountability will be planning, provision of regular detailed management information, reports to the USA, a major systems review and the management and motivation of staff.

You must possess strength of purpose and be able to perform under pressure: your colleagues think of you as reliable, independent, practical and team orientated. You are, of course, a qualified Accountant.

In addition to a basic salary of around £28,000, other benefits include an executive car, profit share and BUPA. Career prospects are excellent.

To learn more, please contact Tracey Winstanley as soon as possible by 'phone, fax or in writing.
Ref: 108186/tsw

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UNITED INTERNATIONAL PICTURES

Assistant Manager – International Taxes

c£30,000 + Car + Benefits

United International Pictures, jointly owned by Paramount, Universal and MGM/UA is a leader in the film industry with operating entities in approximately 40 countries. Due to an internal promotion they seek to appoint an Assistant Manager to be responsible for specific areas of the group's international taxation affairs. This key position, in a department of four tax professionals, reports to the Director of International Tax. The high profile role encompasses the following activities:

* Minimising taxes paid throughout the group
* Advising on tax aspects of all transactions including reorganisations and new operations
* Extensive contact and liaison with senior management in the US and other worldwide locations.

The successful candidate will probably be a qualified accountant or Inspector of Taxes who has gained a good knowledge of company tax either within Public Practice, the Inland Revenue or a commercial environment. Well developed interpersonal skills and a keen business sense are essential for this senior appointment.

The remuneration package is flexible for the right individual and, of course, includes the full range of company benefits.

For further information regarding this outstanding opportunity, please contact Graham King or Jane Hayes ACA on 01-831 2000, evenings and weekends on 01-785 6545 (24 hour answerphone) or write to them at Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH.

Michael Page Taxation
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

FINANCIAL CONTROLLER

FINANCIAL DIRECTOR DESIGNATE

£26 - £30 k plus

Our clients are a rapidly expanding company in a service industry with headquarters in the London area and branches throughout the UK. They are currently looking to expand into Europe .

You should be qualified ACA with approx. 2 years post qualification experience able to manage a team of 16 staff and worthy of rapid promotion to the Main Board.

Salary as above + bonus, car and normal benefits.

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SPECIALIST SEARCH & SELECTION
The Manor House
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Wimbledon
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Tel: (01) 542 [illegible] Fax: (01) 542 7863

FINANCE DIRECTOR

c.£37,500 + bonus + car + benefits
Kent

Sericol is a world leader in the manufacture of screen printing inks and related products and is part of the Speciality Chemicals Division of the international Burmah group. We have enjoyed sustained growth over many years, have twice won the Queen's Award for Export Achievement and have ambitious plans to develop *the business further.*

We wish to appoint an experienced Finance Director whose prime tasks will be to manage the UK company's finance function, to manage the company's DP resource, and to play an active part in the overall direction of this company.

You must be a member of a recognised professional *accounting* body and have ten years post qualification experience in industry. In addition to your financial skills, you will have experience in designing and implementing computerised management information systems and have effective management and communication skills.

This is a unique opportunity to develop your career with a fast *growing company, located in an attractive part of Kent. We can offer* you a competitive remuneration package, including performance related bonus, fully expensed company car, plus the benefits you would expect for a position at this level.

Please write enclosing a CV or telephone for an application form to Brent Thomas, Personnel Director, Burmah Speciality Chemicals Ltd., Burmah House, Pipers Way, Swindon, Wilts SN3 1RE. Tel: 0793 486831.

SERICOL
BURMAH SPECIALITY CHEMICALS

DAIWA EUROPE BANK plc

CHIEF INTERNAL AUDITOR

Head of New Internal Audit Function – City

Daiwa Europe Bank plc, the London banking arm of the Daiwa Securities Co of Japan, seeks a Head of Internal Audit as part of its programme of expansion.

The successful candidate will be qualified (ACA/ACCA), aged around 35 years and will have at least 3 years proven auditing experience in a vigorous banking environment.

The appointment will carry a salary of c£40,000 and the remuneration package will include non-contributory pension, car and the other benefits one expects in the banking sector.

Please apply in strict confidence, enclosing a detailed CV to:

Ms Janis Webb,
Daiwa Europe Bank plc, City Tower,
40 Basinghall Street London EC2V 5DE.

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WE SEEK A 2 YEAR POST QUALIFIED ACMA, OR ACA FINANCE CONTROLLER TO PRODUCE MONTHLY, QUARTERLY AND ANNUAL MANAGEMENT ACCOUNTS AND REPORTS. THE POSITION WILL REPORT TO THE DIRECTOR OF GROUP FINANCE & ADMIN. YOU MUST BE FULLY CONVERSANT WITH LEGAL STANDARDS & CURRENT LEGISLATION SPECIALISING IN MANAGEMENT ACCOUNTING, STANDARD COSTING, BUDGETARY CONTROLS. VARIANCE ANALYSIS. YOU WILL ALSO HAVE A STRONG SYSTEMS KNOWLEDGE AND A SERVICE INDUSTRY BACKGROUND.

PLEASE SEND A C.V. TO PETER KINGSBURY, DIRECTOR OF H.R.D. DITEC, CAMBRIDGE HOUSE, 373 EUSTON ROAD, LONDON N.W.1.

WE ARE AN EQUAL OPPORTUNITIES EMPLOYER

FINANCIAL CONTROLLER
(FINANCE DIRECTOR – DESIGNATE)
West Essex

c. £30,000 **+ Car + Bonus**

Our client, a private group, manufactures and markets the widest range of forms handling equipment in the world, and it is the only UK manufacturer of office-based mailing systems. With growing markets in the UK as well as in Europe, North America and Australia, the group has increased considerably in size and complexity, creating the need for a finance professional to join the management team.

Reporting to the Managing Director, the successful candidate will provide strategic financial advice and be responsible for the profitable growth of the company, along with ensuring the smooth running of the finance function and reviewing and revising the financial and stock control systems.

Ideally candidates will be qualified accountants aged between 30 and 45 with several years experience in a senior financial role. Experience in manufacturing and familiarity with computerised systems and costing controls are essential and exposure to a sales or marketing environment is desirable. Candidates must possess an enquiring mind, an authoritative personality and first class interpersonal skills.

Please send a comprehensive career résumé including salary history and daytime telephone number, quoting reference 3030 to Vivienne Hines, Executive Selection Division.

Touche Ross

Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB. Telephone: 01-353 7361.

FINANCIAL DIRECTOR

LEICESTER **NEG. C. £25K**

A subsidiary of an electrical and mechanical engineering plc with a commitment to growth has an excellent opportunity for an experienced financial manager. The Company, turnover in excess of £7m, is engaged in the manufacture of transformers, power supply units and electronic sub-assemblies. It operates from two sites in the same locality and employs approximately 250 people.

The Company's management team is embarking on a programme of change and improvement which will lead to further expansion into new markets. The team needs a Financial Director capable of producing sound financial information with the commercial judgement to apply it.

Candidates should be qualified and have a minimum of two years post qualification experience at senior level, preferably gained within a manufacturing environment. The person appointed will be required to have the necessary interpersonal skills, imagination and tenacity to make a major contribution to the continued success of the business.

The benefits include company car, non-contributory pension scheme, private health insurance and five weeks' holiday.

Applicants should forward a full C.V. in confidence to:
D.M. HUGHES
Group Personnel Training and Development Executive
B. Elliott plc, Elliott House, Victoria Road, London NW10 6NY.

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ACCOUNTANCY VACANCIES AT ALFRED MARKS

CHIEF ACCOUNTANT
SWINDON **£NEG + CAR**

Reporting to Managing Director, you will have full management and financial accounting responsibility for 36 retail/department store outlets. Further expansion envisaged. Qualified person (possibly finals stage depending on experience).

For further details phone John Bateman on Swindon (0793) 36411

MANAGER, CORPORATE ADVISORY SERVICES
DEVON **£20K +**

A major public practice require a Chartered Accountant with considerable post qualification experience to fill this key appointment. The experience should include report writing skills, preparation of complex business plans, prospectus preparation and work for stock exchange requirements.

For further details phone Chris Hill on Plymouth (0752) 260621

ALFRED MARKS

FINANCE DIRECTOR

DÜSSELDORF 100,000-120,000 DM

Noble Air is a rapidly expanding subsidiary of a UK based international trading group. It's other business interests include leisure, manufacturing and distribution in both UK and Europe.

A Qualified Accountant (age 28-40), Bi-lingual (German and English), who has at least two years experience with a multinational organisation in Germany is now being sought to join as Finance Director.

Reporting to the Operations Director, the Finance Director will be responsible for finance, administration, planning and co-ordination of group financial statements and budgets of the German company based in Düsseldorf.

The successful candidate will have good interpersonal skills, have a positive approach and be able to keep pace with the expansion rate of this successful company.

Please send career to date and personal details to:

David Heaton, Noble Air,
Friedrich-Ebert-Straße 1,
4000 Düsseldorf 1 West Germany

NOBLE AIR

MMI Conference

Acquisitions in Spain

MMI are holding a conference in Barcelona in conjunction with the London Chamber of Commerce and the Catalan Government, to be held on May 30th 1989. The theme of the conference is 'Acquisitions, Mergers and Joint Ventures in Spain.'

The conference will be of particular interest to Chief Executives and Corporate Development Executives in expanding acquisitive UK based companies looking to develop in Spain.

A limited number of places are still available and interested parties should immediately contact: Nicola Whitehead

MMI Communications Group of Companies
London Office Tel: (03727) 29779 · Fax: (03727) 45701

MMI

European Treasury Manager

BICC PLC

The Company is a leading international engineering business, serving the international power, communications and construction markets. Turnover is £3 billion.

The European Treasury Manager will have responsibility for the co-ordination of cash management and funding in UK and Europe, including the management of the Group's interest exposure, off balance sheet finance commitments and bank relationships.

Applicants should be qualified accountants in their late twenties with treasury experience. Exposure to a broadly based industrial treasury function would be particularly relevant.

The appointment is based in central London. An attractive package will reflect the status of the post. Career opportunities in the Group are excellent.

Replies in confidence to David Lewis.

Lewis Briggs International
Suite 15, Harcourt House, 19a Cavendish Square, London W1M 9AD.
Tel: 01-491 3057 Fax: 01-495 6370
MANAGEMENT CONSULTANTS